

THE CITY OF NAPOLEON, OHIO

HENRY COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Prepared by the Finance Department

Gregory J. Heath
Director of Finance



TABLE OF CONTENTS

CITY OF NAPOLEON
HENRY COUNTY, OHIO

I

INTRODUCTORY SECTION

A Letter of Transmittal v
B List of Principal Officials xvii
C City Organizational Chart xviii
D Certificate of Achievement for Excellence in Financial Reporting..... xix

II

FINANCIAL SECTION

A Independent Accountants' Report 1
B Management's Discussion and Analysis..... 3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets 15
 Statement of Activities 16
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 18
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities 20
 Statement of Revenues, Expenditures and Changes in Fund Balances 22
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities 24
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund 25
 Proprietary Funds:
 Statement of Net Assets 26
 Statement of Revenues, Expenses and Changes in Fund Net Assets..... 30
 Statement of Cash Flows 32
 Fiduciary Funds:
 Statement of Assets and Liabilities 36
Notes to the Basic Financial Statements..... 37

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

| | |
|--|-----|
| Combining Balance Sheet..... | 92 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... | 93 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds..... | 94 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 100 |

Individual Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

| | |
|--|-----|
| <i>General Fund</i> | 106 |
| <i>Debt Service Fund:</i> | |
| Special Assessment Bond Retirement Fund..... | 110 |
| <i>Capital Projects Fund:</i> | |
| Capital Improvement Fund..... | 111 |

Nonmajor Governmental Funds:

Special Revenue Funds:

| | |
|--|-----|
| Street Construction, Maintenance and Repair Fund..... | 113 |
| State Highway Improvement Fund..... | 114 |
| Motor Vehicle License Tax Fund..... | 115 |
| EMS Transport Service Fund | 116 |
| Recreation Fund | 117 |
| Special Events Fund | 119 |
| Economic Development Fund | 120 |
| Downtown Revitalization Grant Fund..... | 121 |
| Hotel/Motel Tax Fund | 122 |
| Fire Loss Claims Fund | 123 |
| Community Housing Improvement Program (CHIP) Income Fund | 124 |
| Community Development Block Grant (CDBG) Income Fund..... | 125 |
| Indigent Drivers Alcohol Treatment Fund | 126 |

Nonmajor Governmental Funds: (Continued)

Special Revenue Funds:

| | |
|---|-----|
| Law Enforcement and Education Fund | 127 |
| Court Computerization Fund | 128 |
| Law Enforcement Trust Fund..... | 129 |
| Mandatory Drug Fine Fund | 130 |
| Fire Equipment Fund..... | 131 |
| Municipal Probation Service Fund | 132 |
| Probation Officer Grant Fund..... | 133 |
| Court Improvement Fund | 134 |
| Handicap Parking Fines Fund..... | 135 |
| Police Pension Fund | 136 |
| Fire Pension Fund..... | 137 |
| Cemetery Fund | 138 |
| Law Enforcement OT Grant Fund..... | 139 |
| Certified Police Training Fund | 140 |
| Indigent Drives Interlock/Alcohol Fund..... | 141 |

Debt Service Fund:

| | |
|-----------------------------------|-----|
| General Bond Retirement Fund..... | 142 |
|-----------------------------------|-----|

Capital Projects Funds:

| | |
|---|-----|
| Capital Improvement Project (CIP) Funding Reserve Fund..... | 143 |
|---|-----|

Fiduciary Funds – Agency Funds:

| | |
|---|-----|
| Combining Statement of Changes in Assets and Liabilities..... | 145 |
|---|-----|

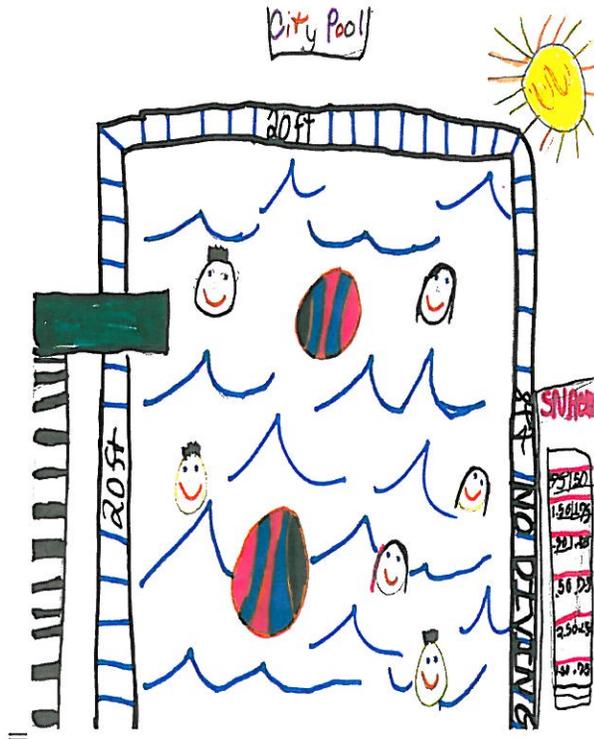
III

STATISTICAL SECTION

Net Assets by Component - Last Nine Years S 2
Changes in Net Assets - Last Nine Years..... S 4
Fund Balances, Governmental Funds - Last Ten Years S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years S 14
Income Tax Collections - Current Year and Nine Years Ago..... S 17
Ratio of Outstanding Debt By Type - Last Ten Years S 18
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 20
Computation of Direct and Overlapping Debt Attributable to
Governmental Activities - Current Year S 23
Debt Limitations - Last Ten Years S 24
Pledged Revenue Coverage - Last Ten Years S 26
Demographic and Economic Statistics - Last Ten Years S 28
Principal Employers - Current Year and Nine Years Ago S 31
Full Time Equivalent Employees by Function - Last Ten Years S 32
Operating Indicators by Function - Last Ten Years S 34
Capital Asset Statistics by Function - Last Ten Years S 36

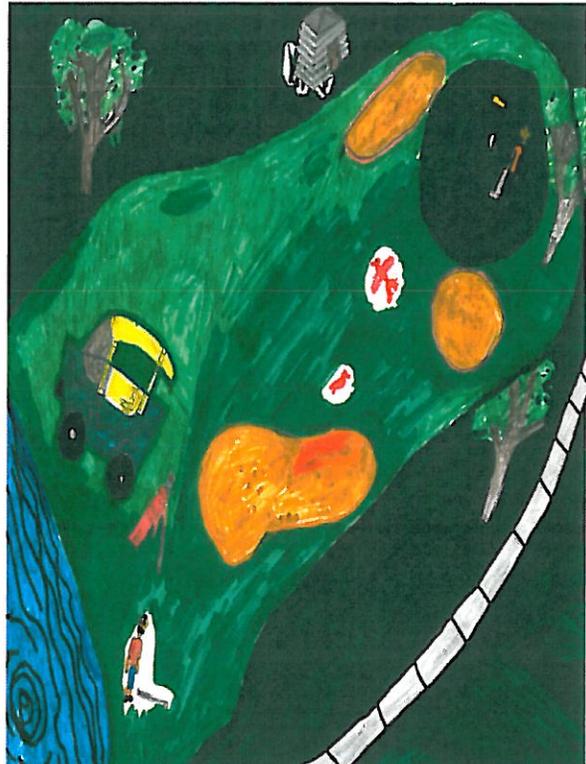
INTRODUCTORY SECTION

Alexandrea Holmes 4th grade Central Elementary – City Pool



FUN IN THE SUN!

Aden Hersh 4th grade Central Elementary – Napoleon Golf Course







CITY OF NAPOLEON, OHIO

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July 16, 2012

Introduction

To the Honorable Mayor, the City Council and the Citizens of the City of Napoleon, Ohio:

We are pleased to present the Sixteenth (16th) **Comprehensive Annual Financial Report** (CAFR) of the City of Napoleon, Ohio, (the City) for the year ended December 31, 2011. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS). GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all City governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City for the fiscal year ended December 31, 2011.

While there is no legal requirement for the preparation of a CAFR, it represents a commitment by the City, and its officers, to conform to nationally recognized standards of excellence in financial reporting. This report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the presented data and the completeness and reliability of the presentation, including all disclosures, rests with City management.

City management has established various internal controls designed to compile reliable information for the preparation of the Annual Financial Statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's various internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City's financial statements have been audited by an Independent Public Accountant (IPA), James G Zupka, CPA, Inc., of Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. The IPA issued an unqualified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2011. The report from the IPA is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NAPOLEON

Early History

The City of Napoleon is located in Henry County in Northwest Ohio and occupies land that was once part of a vast area in this region known as "*The Great Black Swamp of Ohio*". This expanse of forest, water, and black soil was a tract of land extending west from Lake Erie for 120 miles in length covering an average breadth of 40 miles. Through the Black Swamp passed the "*Maumee River*" as named by the local Native American tribes. The Maumee River empties into Lake Erie and provided a natural navigable waterway as well as an abundance of aquatic life. The surrounding forests at that time were filled with many varieties of hardwood trees and wild game. These resources were used by the many tribes that occupied the region and later by the early settlers. The English moved into this area in the late 1700's and fought with the French for control. After the Revolutionary War the Americans gained title to the area, but the Native Americans possessed it. The Native Americans did not leave the area willingly and were defeated in 1796 by General Anthony Wayne in a very decisive battle at a place called Fallen Timbers. During his campaign against the Native Americans, General Anthony Wayne would often setup encampment for his men along the Maumee River where the City is currently located.

After the war of 1812, more trappers, traders, and pioneering farm families began moving into the area, and Henry County was officially formed in 1820. The Miami and Erie Canal, completed in 1843, passed directly through Napoleon and opened the area to early European emigration primarily of German descent. The canal helped to foster development throughout the county, and the town began to grow in both population and industry. Agriculture, and products based on agriculture, was at the heart of the area's early growth. This important relationship with agriculture continues through to this day. After the Civil War, railroads and better roadways opened the area to further development. By the turn of the 20th century Napoleon had grown into a strong, diversified economy. Today, Napoleon has a community with an economy based on manufacturing, retail sales, various service industries, engineering, and warehousing; all of which add to the continued strength of the traditional agriculture based economy.

The City of Napoleon

The first documented dwelling in Napoleon was a log cabin built in 1832. The town of Napoleon was founded in 1835 and later was made the county seat of Henry County. The name of "Napoleon" was given to the township by a group of Frenchmen who inhabited the area at that time. Local Citizens adopted the name and the town was officially incorporated as the Village of Napoleon in 1863. In 1950 the Village of Napoleon officially became the "*City of Napoleon*".

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City is located on the Maumee River, and is about 40 miles southwest of Toledo, Ohio, 50 miles north of Lima, Ohio, 65 miles east of Fort Wayne, Indiana, 110 miles southwest of Detroit, Michigan, and 130 miles west of Cleveland, Ohio. Two national highways, US-6 and US-24 running east and west, bypass on the north edge of the City. Two state routes run north and south, SR-108 runs through the City, and SR-109 is to the east just outside the City. Entrances to the Ohio Turnpike, Interstate I-80/90 are located 12 miles north of the City, one off SR-108 and one off SR-109. Interstate I-75 is 25 miles east of the City crossing US-6. The City has limited rail service through the Miami and Western Railroad with a spur that runs through the City connecting to CSX and Norfolk and Southern to the west in Defiance, Ohio. Main lines of CSX and Norfolk and Southern run east and west through southern Henry County, and north and south lines of Canadian National Railroad are to the east in Wood County. Amtrak service is available in Bryan and Toledo, Ohio, and Fort Wayne, Indiana. Toledo Express Airport provides passenger and freight air services, and is located about 30 miles to the northeast.

Form of Government

By 1950, the population of the Village of Napoleon exceeded 5,000 people allowing the Village to be incorporated into the City of Napoleon. The Citizens of Napoleon, who were determined to exercise “*Home Rule*” authority, voted to become a *Chartered City*, as allowed by the State Constitution of Ohio, effective January 1, 1952. The City Charter has been amended several times, and was last amended in its entirety by a vote of its Citizens on November 7, 2000, with an effective date of July 1, 2001. The City Charter stipulates a charter review every eight (8) years. In 2008, the City Charter underwent a full review by an appointed Charter Review Commission. The Charter Review Commission recommended various changes to the Charter to be voted by the Citizens of Napoleon. City Council agreed, and placed these proposed changes before its Citizens for a vote on November 4, 2008; and all proposed changes were defeated. The City Charter remains unchanged from the prior changes effective July 1, 2001.

The City operates and is governed by a strong City Council (Council)/City Manager form of government. The City is subject to general laws applicable to all Cities under the Ohio Constitution. The City may exercise all powers of local self-government (known as *Home Rule*) and police powers to the extent that they do not conflict with the Ohio Constitution. Legislative authority is vested in a seven (7) member Council. The Mayor, who serves as ceremonial head of the City, is separately elected. The Mayor exercises limited executive and legislative authority as provided by the City Charter, including all judicial powers conferred upon mayors under Ohio law. The Council enacts ordinances and resolutions, approves contracts, fixes compensation of City officials and employees, sets rates and policy’s relating to City services, including; proposing income and property tax levies (voted levies), setting utility rates, approving appropriations and borrowing money, regulating businesses and trades, and all other related municipal services.

General elections for the City are held every two years, alternating with four (4) council seats and then three (3) council seats plus the Mayor. All council seats and the Mayor are elected at-large and terms of office are four (4) years. The Municipal Court Judge is separately elected every six (6) years. The Council President is the presiding officer of Council and is elected from among the Council members. Except for Municipal Court, the Charter establishes certain administrative departments and Council may establish additional departments as needed; Council establishes all department positions. By Charter, the

***Letter of Transmittal
For the Year Ended December 31, 2011***

City Manager, the Finance Director and the Law Director are all appointed by, and serve at the pleasure of Council with no specified term limits. Except for departments of Finance, Law and Municipal Court, the City Manager has authority over all other operational departments and appoints those department heads. Subject to approval of Council, the Mayor, and on certain boards the City Manager, recommends appointments of individuals to the various City boards and commissions.

Municipal Services

The City offers a wide variety of services to its Citizens as authorized by its Charter, the Ohio Revised Code (ORC), and City Administrative Code. The broad categories of services include: police and fire protection; emergency medical rescue services; streets maintenance; traffic control; planning and engineering; building and zoning code enforcement; cemeteries; community development; municipal court and civil judicial services; recreation programs and parks (including ball fields, playgrounds, picnic areas, a golf course and a boat ramp); economic development; and general administrative services. The City does not operate hospitals or schools, and it is not responsible for public assistance programs.

The City operates four (4) enterprise activities: water treatment and distribution; sewer wastewater collection and treatment; electric distribution for residential, commercial and industrial customers; and residential solid waste collection and disposal, including a curbside recycling program, a yard waste transfer station site, a mosquito control program, storm debris removal and seasonal bulk pickups. In 2007, the City added a storm water abatement charge that is included in the sewer enterprise fund. Storm water funds are designated for the separation of the storm water systems from the sanitary sewer systems.

The City's enterprise activities are not subject to rate review by the Public Utilities Commission of Ohio (PUCO) or any similar regulatory body. The Council by City Charter and Home Rule has the necessary authority to establish and amend utility user rates as required. All utility rates are monitored on an on-going basis to ensure their adequacy to meet operational, maintenance, debt service and capital replacement needs. The Board of Public Affairs (BOPA) is a citizen's board appointed by Council to review and make recommendations to Council on all enterprise activity including all rates, policies and procedures. Final responsibility for enterprise rate changes lies solely with the Council.

The City is 1 of 129 public entity members (from seven states) in the American Municipal Power, Inc. "AMP", (previously known as American Municipal Power-Ohio or "AMP-Ohio"). AMP is a non-profit corporation organized in Ohio in 1971 for the purpose of owning and operating electric facilities and providing for the generation, transmission and distribution of electric power and energy to its members. AMP purchases wholesale electric power and energy and sells it to members at rates based on purchase price plus a small service fee. The organization also develops alternative power sources to best meet member's short and long-term power needs, and operates a power dispatch center 24 hours a day, 365 days a year, to serve its member communities. The City participates in three (3) joint ventures administrated by AMP, and is contractually obligated to the Gorsuch Station generating plant. Other more recent power contracts include the Prairie State coal powered and Fremont Energy gas powered generating plants, various hydroelectric power generating stations and solar energy "green" projects; including a solar project currently being developed in Napoleon. Detailed descriptions of the joint ventures are listed in the Notes to the Financial Statements. Currently the City has a closed electric system and does not offer outside power sources to its customers from other power providers.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City has a contract with Henry County for the operation of a County/City Community Improvement Corporation (CIC) for the purpose of Economic Development. Mutual aid contracts for fire and emergency medical services are between the City and certain Townships surrounding the City, and the Henry County South Joint Ambulance District. Henry County operates the health district, in which the City participates contractually, but has no direct fiduciary responsibility by agreement. The City has a contract with the Napoleon/Henry County Chamber of Commerce to operate a Tourist Bureau, this is funded through a lodge tax imposed and collected by the City.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*", in that the financial statements include all of the organizations, activities, functions and component units for which the City (The Reporting Entity) is Financially Accountable. Financial Accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units, but includes the following services as authorized by its charter: police, emergency medical and fire protection services, parks and recreation, planning and zoning, street maintenance and various other general governmental services. In addition, the City owns and operates a water treatment plant and distribution system, a wastewater treatment plant and collection system, and an electric distribution system, and provides curbside refuse collection and recycling services.

Budgetary and Accounting Controls

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Budgetary Controls

Budgetary control is on the cash basis of accounting and is maintained at the object level for each function within each fund by legislation approved by Council. The various objects are:

Personal Services:

- Salary and Wages
- Fringe Benefits

Other Expenditures:

- Contractual Services
- Materials and Supplies
- Capital Outlays
- Transfers (Within Funds)
- Debt Service – Principal & Interest

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered (Certification of Funds) prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level of appropriations are not approved unless additional appropriations are authorized. The City Manager has authority to move appropriations within a specific object, but must have legislative approval to move appropriations or supplement appropriations from one object category to a different object category. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year. The City's fiscal year currently coincides with the calendar year ending December 31st. The final budget must be adopted by City Council no later than March 31st in the fiscal year to which it applies.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The local economy demonstrated signs of growth in 2011, following both State of Ohio and National economic trends. In certain sectors, especially automotive and housing, economic retraction has stabilized with certain local area economic activity trending higher. Comparing municipal income taxes for 2011 to 2010 overall combined total income tax collections were up by +2.2%. Business profit taxes were down, however, individual returns and withholding taxes all trended higher in 2011. Actual income tax revenues collected in 2011 at the 1.5% rate was \$3,453,701, up +\$75,203 in 2011 over 2010 of \$3,378,498. The taxable income to the date of this letter in 2012 is continuing to trend slowly higher compared to the same period for 2011. Income tax receipts, including withholdings, have the potential to be negatively impacted, with possible reduced taxable income, from business implementation of various state and federal mandates imposed on the City to exclude tax deferral plans from its allowable taxation base. Future taxable income growth may be restricted or reduced by implementation of various approved tax deferred 125 type plans, and other possible State imposed mandates and controls that could be placed on the income tax source. Currently, State Law limits the City tax to be applied only against Box 5 of the W-2 (Medicare wages and not Gross wages).

***Letter of Transmittal
For the Year Ended December 31, 2011***

In May, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.0% Council approved rate, plus the 0.2% voted Recreation Levy, this increased the income tax rate to a total of 1.5%. In May, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net rate remaining at 1.5%. The total income tax rate of 1.5% is now permanent and is not subject to periodic voted renewals.

Local housing growth and general home values continued to be flat in 2011, both following State and National trends. Local area new housing starts did see very slight recovery, and the turn over of pre-existing homes picked up slightly in 2011. This trend has continued into the first quarter 2012 for the sales of pre-existing homes, and is due to a better economy along with lowered mortgage rates and incentive programs offered through the State and Federal Governments. Overall local home foreclosures are starting to slow when compared to previous years. Building Permits for both residential and commercial improvements were close to the same in 2011 when compared to 2010.

With improvements to the domestic automotive manufacturing and their related industries, the unemployment rate in Henry County was lower in 2011 at 8.9% as of December 31, 2011, versus 11.0% for December 31, 2010 (not seasonally adjusted). The rate has slightly increased through March 31, 2012 to 10.1%. The local area unemployment rate is higher compared to the State of Ohio rate of 7.9% and the National rate of 8.5%, at the end of 2011. While specific data is unavailable from the reporting sources for the City, it is estimated that the City's unemployment rate falls some where between the State of Ohio rate and the rate for Henry County. Using the rates through December 31, 2011, it is estimated the rate for the City would fall between 7.9% and 8.9%, or about 8.4%.

The City did experience a loss in population of 569 down from the 2000 census number of 9,318 to the 2010 census number of 8,749. Henry County as a whole also lost population of 1,095 down from the 2000 census number of 29,310 to the 2010 census number of 28,215.

Business

The City has experienced both loss and gain from businesses located inside and outside the City limits in 2011. Some recent losses of general, retail or food businesses in 2011 located inside or close to the City include: Porter's BP, Napoleon Creamery Co., Isolex Corp., All-State Insurance, Advance Precision Tool, Rayburn Financial Service, Kircher's Flowers, Inc., and Bil-Jax Rental Center.

On the positive side, there were some new businesses added in 2011, these include: Cakewalk Cakery, Napoleon Motor Inn, Fastenal Company, D & R Computers, Maumee Valley Guidance Center, Tammy's Tiny Tack, Nooks & Crannies Antiques, Lefty's Pizza, GPS Auto and Kurt's Karate.

CITY OF NAPOLEON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2011***

The local automotive companies that survived the downturn have regained a substantial portion of their business. These companies have also worked to diversify their product offerings so they are not as dependent on the automotive industry as they were prior to the great recession of 2008 – 2009. The following are the private and public employers that have the largest work forces and are located inside or outside (adjacent to) the City:

| <u>Major Employers (Inside City Limits)</u> | <u>Nature of Activity or Business</u> |
|--|---|
| <i>Inside City Limits:</i> | |
| Automatic Feed Company | Automotive Tool and Die Machine Shop |
| B & B Molded Plastics | Structural Foam Plastic Molding |
| City of Napoleon Offices | Governmental Services to the City |
| Cloverleaf Cold Storage | Long Term Cold Storage and Warehousing |
| Golden Living Center (Northcrest) | Rehabilitation Center & Long-term Care Facility |
| Henry County Hospital | Hospital Services and Care Facility |
| Henry County Offices | Governmental Services to the County |
| Koester Corporation | Industrial Control Systems |
| Lutheran Home | Rehabilitation Center & Long-term Care Facility |
| MBM | Warehousing and Trucking Services |
| Napoleon Area City School District | Education – Elementary thru High School |
| Old Castle Precast (Formerly-Carson) | Structural Foam Plastic Molding |
| Tenneco Automotive (Pullman Corporation) | Rubber and Metal Shock Attenuation Parts |
| Wal-Mart Stores | Retail Sales |
| | |
| <u>Major Employers (Outside City Limits)</u> | <u>Nature of Activity or Business</u> |
| <i>Outside City Limits:</i> | |
| Alex Products (Ridgeville Corners) | Automotive Parts and Solar Energy Panel Parts |
| Campbell Soup Supply Company, LLC | Canned Soups, Beverages, Other Food Products |
| Filling Home of Mercy | Developmental Disabilities Care & Services |
| Gerken Materials | Road Construction and Materials |
| Railtech Boutet | Rail Repair Equipment and Supplies |
| Silgan Can Company | Produces Cans for the Food Market |

It should be noted, all the companies listed in the table under “**Business**” section above were in business in 2009 and 2010, and are still in business as of the date of this report. This is a great testament to the talent, work ethic and resourcefulness of these companies during trying times.

Excluding employers outside the City limits, the listed industries and service providers’ employ an estimated 2,500 persons in both full and part-time positions. Campbell Soup Supply Co. and Silgan Can Company are both located adjacent to, but outside City limits. Campbell’s is the largest single employer in Henry County, and is estimated to employ 1,550 persons, both full time and part time; and Silgan Can employees an approximate 200 persons, both full time and part time.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The following is provided by Mr. Ralph A. Lange, Director of Henry County Community Improvement Corporation (CIC), as to both current and future area economic development.

Current Development

The great recession of 2008 – 2009 bottomed out for Henry County in early 2010. As 2011 progressed many promising events took place helping to turn economic development activity around. It started with the Koester Corporations' purchase of CIC owned property and proposed major expansion. All the necessary support work was completed that would enable them to make a 20,000 square foot expansion to their existing 40,000 square foot manufacturing facility in the City. The actual construction is now underway in 2012, and when completed is estimated to add up to 5 to 10 employees to their payroll.

Isofoton a Spanish solar panel manufacturer announced they would establish their North American business and manufacturing center in Napoleon, Ohio in 2011. Very little investment actually occurred in 2011, but starting in early 2012 a great deal of investment and activity is now occurring in a formerly vacant existing manufacturing building located in the City. The expectation is that this facility will be manufacturing product and have an employment level of 130 by the end of 2012.

Ruralogic a software design company located one (1) of the three (3) centers they promised to establish in Northwest Ohio in the City at the end of 2011. They currently employ approximately 10 people at this time, but are projected to increase the number substantially as their business becomes better established.

The massive Campbell's Soup complex in Henry County, located just outside the City limits, promoted two very large construction projects in 2011. The first was the construction of a 9.8 megawatt solar field that provides power to their plant and was completed in December, 2011. The second was the start of the construction of a 700,000 cubic foot freezer at a total project cost of over \$7,000,000. This project will be completed sometime in 2012. Campbell Soup continues to provide the economic floor that Henry County stands on, even in the worst of times. That was the case again in 2011 as they, their suppliers and transportation providers continued to provide thousands of jobs for Henry County residents.

The CIC was able to sponsor the expansion of several small businesses in the county. The City received approval from the State of Ohio, in late 2011, for a second \$400,000 downtown development grant. Both the first, and now the second grant, will continue to encourage public and private investment in the downtown area for 2012 and years to come.

Future Development

CIC is continually working with individuals and companies to bring new businesses to Henry County and the City. These potential businesses represent both high-tech and manufacturing companies, and are at various stages of completion. With the completion of the Fort to Port Project occurring sometime in 2012 (expanding Route 24 into a four lane highway between Toledo, Ohio and Fort Wayne, Indiana); this, along with the recent completion of CSX's massive intermodal rail facility (located west of North Baltimore, Ohio, less than 15 miles east of Deshler, Ohio of Henry County), will help drive economic development in the City and Henry County for many years to come. These developments have a wide variety of other companies are currently looking at this area to set up new businesses and/or operations; or, expand their current operations. This brings the promise of hope that economic development, expansion and growth will occur in 2012 and beyond.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Major City Accomplishments for the Year (presented by Dr. Jon A. Bisher, City Manager)

The City accomplished numerous undertakings that provide for and promote the welfare of its residents:

- Completed major street and other infrastructure improvements, including Haley Avenue.
- Finalized the cleanup and conversion of an old landfill into a solar generating site.
- Upgraded major equipment in many of the departments, including new recycling truck.
- Upgraded various department computers, software, phones and added fiber optic extensions.
- Continued the upgrade of the City's electrical substations and distribution system.
- Completed major sewer separations on the sanitary sewer and storm water systems at various locations in the City, including construction of major upgrades to Clairmont and Haley Avenues.
- Fine tuned the operation of the MIEX water pretreatment facility to lower THMs in the system.
- Fine tuned the operation of the 2.5 million gallon equalization (EQ) basin detention storm water basin control project (completed in 2010) with state of the art infrared treatment.

Major City Initiatives for the Future (presented by Dr. Jon A. Bisher, City Manager)

Within the constraints of budgetary challenges, the City plans to continue to maintain City services as necessary to keep abreast of infrastructure needs and provide for required improvements as growth and development occurs. The following are some of the major goals and projects for the future:

- Update the Zoning Code and implement the recently approved new City Master Plan.
- Continued development of industrial and commercial sites for expanded and new industries.
- On-going road improvements and other infrastructure street repairs, including Scott St. upgrades.
- Upgrade of water lines to improve water flow rates and reliability to all customers.
- Expansion of electric, water and sewer lines to new development areas in the City as needed.
- Elimination of sanitary sewer and combined sewer overflows through specific projects.
- Completion of the SR-24 Fort to Port project, scheduled to open in early fall of 2012.
- A study by the State of Ohio for a second possible river bridge crossing over the Maumee River.
- Continued major equipment and utility infrastructure upgrades and replacements.

Department Accomplishments

Management reviews for all departmental operations to be performed by the State Auditors Office in 2012 to identify operational changes that will enhance the efficiency and revenue effectiveness of those departments. All departments do annual reviews of their operations for cost savings and new potential revenue sources. Continuing education, safety (OSHA training), and skill training programs remain a priority for all departments. The City is continuing the process of updating department policies and procedures for risk management, and to reflect ongoing changes to City code. The City's Healthcare Cost Committee continues to actively re-evaluate City health programs and costs.

***Letter of Transmittal
For the Year Ended December 31, 2011***

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2011, issued by the IPA, James G Zupka, CPA, Inc., Garfield Heights, Ohio, as contracted through the Auditor of State Office of Ohio. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR, and to meet requirements of certain revenue trust agreements on enterprise revenue debt. In addition, an annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both GAAP and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only.

The City received a Certificate of Achievement for the fiscal year ended December 31, 2010. We believe this, our sixteenth (16th) Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting, and so therefore the City is submitting it to GFOA for certification.

Public Disclosure

The publication of this CAFR is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Napoleon, the recipients of this report include city, state, federal offices, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

Acknowledgments

The City is grateful to the many agencies and organizations that continue to contribute to make this report possible, including the Henry County Auditor's Office, the Henry County Chamber of Commerce, the CIC and the audit staff of the IPA, James G Zupka, CPA, Inc., and the Audit Division of the State Auditor's Office of Ohio.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Sincere appreciation is also extended to the many individuals who have worked diligently and contributed significant time and effort in gathering data for this report, particularly the staff of Donald J. Schonhardt & Associates, Inc., who through their continued knowledge and professionalism help make this annual project become a reality.

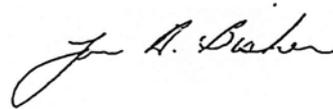
A special thank you is extended to the Members of City Council, the Mayor and the City Departments for the support and trust shown to the City Administration and the Finance Department and for allocating the resources and time for the development of this report, which demonstrates the City's commitment to conform to reporting requirements established for municipal governments, and to maintain the sound financial position the City has enjoyed for many years. A final thank you goes to the Citizens of Napoleon, Ohio, who continue to support the many decisions made by the City in its financial operations.

Finally, we would especially like to recognize City staff, all of whom exhibited dedication and professionalism throughout the many hours required in preparing this report. A special thank you is extended to Ms. Christine Peddicord, Assistant Finance Director, who assisted in overseeing this project.

Respectfully submitted,



Gregory J. Heath
Director of Finance
City of Napoleon, Ohio



Jon A. Bisher
City Manager
City of Napoleon, Ohio

CITY OF NAPOLEON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2011***

Elected Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> | <u>Years of Service</u> | <u>Surety</u> |
|-----------------|----------------------|---------------------|-------------------------|---------------|
| J. Andrew Small | Mayor | 12/31/11 | 11 | A |
| Glenn Miller | President of Council | 12/31/13 | 14 | A |
| Mike DeWit | Council | 12/31/11 | 19 | A |
| Jim Hershberger | Council | 12/31/13 | 4.5 | A |
| Jeff Lankenau | Council | 12/31/13 | 3.5 | A |
| Travis Sheaffer | Council | 12/31/13 | 17 | A |
| Terri Williams | Council | 12/31/11 | 23 | A |
| John Helberg | Council | 12/31/11 | 11 | A |
| John Collier | Municipal Judge | 12/31/11 | 15.5 | A |
| Amy Rosebrook * | Municipal Judge | | 0.5 | A |

Appointed Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> | <u>Years of Service</u> | <u>Surety</u> |
|----------------|---------------------|---------------------|-------------------------|---------------|
| Jon Bisher | City Manager | Indefinite | 13 | A |
| Gregory Heath | Director of Finance | Indefinite | 16 | A |
| Betty Marihugh | Clerk of Courts | Indefinite | 28 | A |
| David Grahn | Law Director | Indefinite | 18 | A |

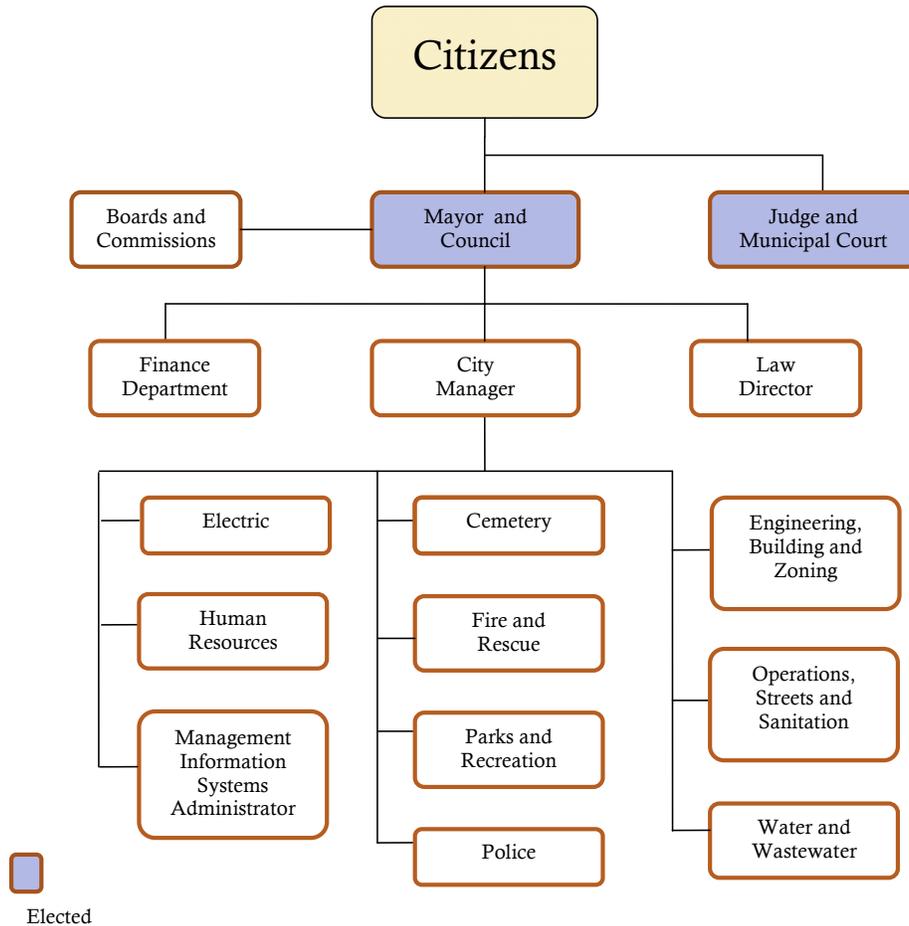
(A) BORMA Insurance Company, Public Official Bond Surety up to \$1,000,000.

* Appointed by the Governor to fill Judge Collier's unfulfilled term.

City Address:

City of Napoleon
255 West Riverview Avenue
Napoleon, Ohio 43545
www.napoleonohio.com

**City Organizational Chart
For the Year Ended December 31, 2011**



Boards and Commissions

| | | |
|---------------------------|--|------------------------------|
| Board of Public Affairs | Lodge Tax and Advisory Control Board | Board of Zoning Appeals |
| Civil Service Commission | Planning Commission | Tree Commission |
| Charter Review Commission | Americans with Disabilities Act | Parks and Recreation Board |
| Board of Building Appeals | Compliance Board | Records Retention Commission |
| CIC Board | County/City General Health District | Housing Advisory Board |
| NCTV Advisory Board | Volunteer Firefighters Dependent Board | Tax Incentive Review Council |
| Privacy Committee | Preservation Commission | Health Care Cost Commission |

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Napoleon
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Enos

Executive Director



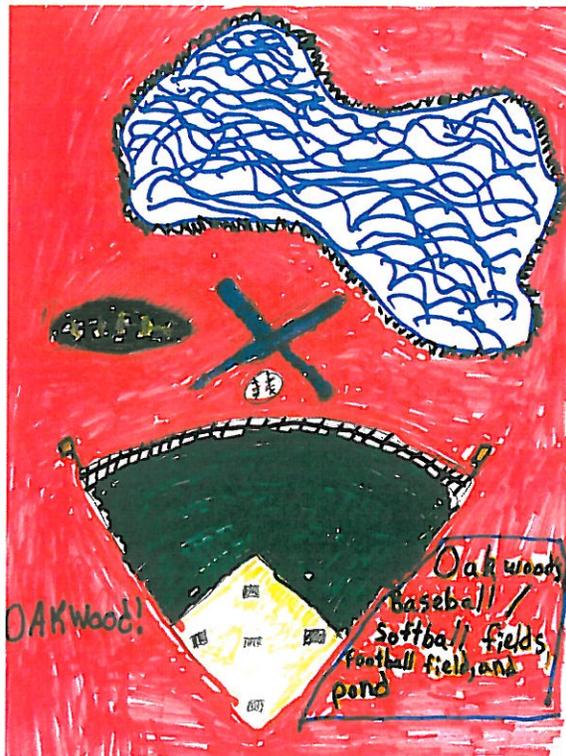
FINANCIAL SECTION

Suzy Thomas 4th grade Central Elementary – Henry County Fair



WELCOME TO THE FAIR

AND BASEBALL IN THE AIR



Aaron Bostelman 6th grade St. John Lutheran – Oakwood Ball Diamond



JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of City Council
City of Napoleon, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Henry County, Ohio as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Napoleon, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napoleon, Ohio, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5, the City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2010 fund balances of the governmental funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, on our consideration of the City of Napoleon, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Napoleon, Ohio's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


James G. Zupka, CPA, Inc.
Certified Public Accountants

July 16, 2012

The management discussion and analysis (MD&A) of the City of Napoleon's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ❑ In total, net assets increased \$969,134, a 1.4% increase from 2010. The net assets of governmental activities decreased \$190,960, a small decrease from 2010; and the net assets of business-type activities increased \$1,160,094, representing a 3.3% increase from 2010. Please see additional Note on this item on the Changes in Net Assets Table listed later in the MD&A.
- ❑ Total revenues exceeded \$30 million. \$4.8 million was general revenues, or 16% of the total revenues; and \$25.3 million was program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions, or over 84% of the total revenues.
- ❑ The City had \$7.5 million in program expenses related to governmental activities; only \$2.8 million of these expenses were offset by program specific revenues. General revenues (primarily taxes) and excess cash reserves of \$4.7 million were adequate to provide for the balance on these programs.
- ❑ Among major funds, the general fund had \$5.1 million in revenues and \$3.9 million in expenditures (the expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities). The general fund's fund balance decreased \$68,824.
- ❑ Net assets for the proprietary funds increased by \$1,154,974. The increase is a result of higher revenues in electric, water, sewer and refuse; with an increase in operating expenses for electric and water, and a reduction of operating expenses in sewer and refuse. This number includes capital contributions in the form of capital assets for all proprietary funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and general infrastructure and status of growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's electric, water, sewer and sanitation services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in the separate Fiduciary Statement of Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net assets between 2011 and 2010:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$7,002,866 | \$7,741,172 | \$20,511,738 | \$19,823,847 | \$27,514,604 | \$27,565,019 |
| Capital assets, Net | 31,682,111 | 31,252,036 | 39,732,961 | 39,845,381 | 71,415,072 | 71,097,417 |
| Total assets | 38,684,977 | 38,993,208 | 60,244,699 | 59,669,228 | 98,929,676 | 98,662,436 |
| Long-term debt outstanding | 2,302,190 | 2,399,915 | 23,036,244 | 23,645,578 | 25,338,434 | 26,045,493 |
| Other liabilities | 856,271 | 875,817 | 1,289,225 | 1,264,514 | 2,145,496 | 2,140,331 |
| Total liabilities | 3,158,461 | 3,275,732 | 24,325,469 | 24,910,092 | 27,483,930 | 28,185,824 |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 30,103,480 | 29,541,627 | 21,224,567 | 19,332,790 | 51,328,047 | 48,874,417 |
| Restricted | 3,885,950 | 4,512,545 | 0 | 0 | 3,885,950 | 4,512,545 |
| Unrestricted | 1,537,086 | 1,663,304 | 14,694,663 | 15,426,346 | 16,231,749 | 17,089,650 |
| Total net assets | <u>\$35,526,516</u> | <u>\$35,717,476</u> | <u>\$35,919,230</u> | <u>\$34,759,136</u> | <u>\$71,445,746</u> | <u>\$70,476,612</u> |

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CITY OF NAPOLEON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services and Sales | \$1,363,825 | \$1,486,665 | \$22,371,953 | \$21,797,021 | \$23,735,778 | \$23,283,686 |
| Operating Grants and Contributions | 1,323,169 | 894,469 | 0 | 0 | 1,323,169 | 894,469 |
| Capital Grants and Contributions | 104,301 | 157,440 | 113,431 | 403,881 | 217,732 | 561,321 |
| General revenues: | | | | | | |
| Property Taxes | 382,639 | 386,482 | 0 | 0 | 382,639 | 386,482 |
| Income Taxes | 2,826,623 | 2,796,692 | 0 | 0 | 2,826,623 | 2,796,692 |
| Other Local Taxes | 522,615 | 515,545 | 0 | 0 | 522,615 | 515,545 |
| Shared Revenues | 691,333 | 629,483 | 0 | 0 | 691,333 | 629,483 |
| Investment Earnings | 91,360 | 92,083 | 155,535 | 176,329 | 246,895 | 268,412 |
| Miscellaneous | 139,873 | 123,757 | 0 | 0 | 139,873 | 123,757 |
| Total revenues | 7,445,738 | 7,082,616 | 22,640,919 | 22,377,231 | 30,086,657 | 29,459,847 |
| Program Expenses | | | | | | |
| Security of Persons and Property | 3,318,795 | 3,125,458 | 0 | 0 | 3,318,795 | 3,125,458 |
| Public Health and Welfare Services | 123,641 | 112,440 | 0 | 0 | 123,641 | 112,440 |
| Leisure Time Activities | 868,775 | 904,829 | 0 | 0 | 868,775 | 904,829 |
| Community Environment | 1,263,518 | 517,452 | 0 | 0 | 1,263,518 | 517,452 |
| Transportation | 760,223 | 1,299,067 | 0 | 0 | 760,223 | 1,299,067 |
| General Government | 1,086,864 | 1,122,335 | 0 | 0 | 1,086,864 | 1,122,335 |
| Interest and Fiscal Charges | 96,494 | 85,901 | 0 | 0 | 96,494 | 85,901 |
| Electric | 0 | 0 | 14,714,910 | 14,396,085 | 14,714,910 | 14,396,085 |
| Water | 0 | 0 | 3,229,358 | 2,474,059 | 3,229,358 | 2,474,059 |
| Sewer | 0 | 0 | 2,921,313 | 2,782,393 | 2,921,313 | 2,782,393 |
| Sanitation | 0 | 0 | 733,632 | 768,173 | 733,632 | 768,173 |
| Total expenses | 7,518,310 | 7,167,482 | 21,599,213 | 20,420,710 | 29,117,523 | 27,588,192 |
| Change in Net Assets Before Transfers | (72,572) | (84,866) | 1,041,706 | 1,956,521 | 969,134 | 1,871,655 |
| Transfers (1) | (118,388) | 0 | 118,388 | 0 | 0 | 0 |
| Total Change in Net Assets | (190,960) | (84,866) | 1,160,094 | 1,956,521 | 969,134 | 1,871,655 |
| Beginning Net Assets | 35,717,476 | 35,802,342 | 34,759,136 | 32,802,615 | 70,476,612 | 68,604,957 |
| Ending Net Assets | \$35,526,516 | \$35,717,476 | \$35,919,230 | \$34,759,136 | \$71,445,746 | \$70,476,612 |

Note: (1) During 2011, net transfers were made from the proprietary funds to the general capital assets in the amount of \$1,373.

Governmental Activities

Net assets of the City's *governmental activities* show a decrease of \$190,960 in 2011 from 2010. In 2011, the City experienced a net increase in total revenues for governmental activities over 2010, primarily in operating grants. Program expenses, including major grant related and capital expenses, increased in total for 2011 over 2010. Economic factors impacting general trends to revenues stabilized in 2011, but continue to remain a concern and will require continued monitoring.

Voted property tax revenues in Ohio do not change solely as a result of inflation or deflation, but remain fixed to property value at passage of a *New Levy* for the period of the levy, or at *Renewal* of the levy. (Example: A 1.0 mill levy on a home valued at \$100,000 is taxed at 35% of its value, or \$35,000, and generates \$35.00 annually in taxes; however, if the home is reappraised at \$200,000, taxed value for the *voted levy* remains at \$35,000, reducing the effective rate of the *voted levy* to 0.5 mills.) Only by passing a *New Levy* would the effective rate increase back to 1 mill. The City currently has *no voted property tax levies*; however, the City receives a 2.90 mill allocation from the *un-voted inside 10 mill general property tax* as allowed by the State of Ohio. The 2.90 mill allocation *is not* subject to the set valuation on voted levies, and will rise or fall yearly as property values change. Economic changes from 2008 through 2010 in the housing sector continue to impact home valuations into 2011. With reduced valuations the corresponding collections of property tax collected on the un-voted 2.90 mill allocation for the City has been reduced. This source of revenue has recently been negatively impacted by changes made by the State of Ohio General Assembly; whom has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and they may continue to make similar revisions. The County Auditor maintains and collects the inside millage. The City is aware of these reduced valuations and has made adjustments to its general revenue estimates, with corresponding adjustments to its program expenses, to account for these reduced revenues from this source.

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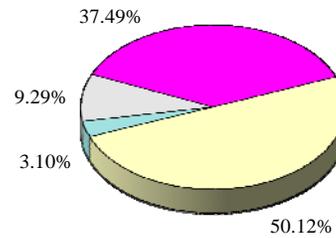
**Management’s Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

In 2011, the City had a permanent income tax rate of 1.5%. Prior to July 1, 2009, the rate was 1.2% (1% for General Operations and Capital Improvements, and 0.2% Recreation Levy). On May 5, 2009, the Citizens of Napoleon voted on and approved an *additional permanent income tax of 0.3%* for General Operations and Capital Improvements of the City, with a July 1, 2009 effective date. When added to the prior 1.2% rate, this increased the total income tax rate to 1.5%. Starting July 1, 2009, the rate adjusted up to 1.5% of all salaries, wages, commissions and other compensation earned from residents, and from nonresidents for work done or services performed or rendered in the City. In addition, on May 4, 2010, the Citizens of Napoleon voted on and approved a permanent income tax renewal of the Recreation Levy of 0.2%, with the net tax rate remaining at 1.5%. With this approval, the income tax rate of 1.5% was made permanent and is now not subject to periodic voted renewals. In 2011, the municipal income taxes reflect an increase in revenues of 1.07% over 2010. This is due to a more stable local economy.

Property taxes and income taxes made up 5% and 38% respectively of revenues for governmental activities for the City in fiscal year 2011. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 50.12% of total revenues from general tax revenues:

| Revenue Sources | 2011 | Percent of Total |
|-------------------------|-------------|---------------------|
| General Shared Revenues | \$691,333 | 9.29% |
| Program Revenues | 2,791,295 | 37.49% |
| General Tax Revenues | 3,731,877 | 50.12% |
| General Other | 231,233 | 3.10% |
| Total Revenue | \$7,445,738 | 100.00% |



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**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Business-Type Activities

In 2011, the total net assets of all business-type activities increased by \$1,160,094. The operating incomes/losses for the business-type activities of electric increased \$750,625, of water decreased \$(303,124), of sewer increased \$979,163 and of sanitation increased \$123,299. In all business-type activities operating revenues in 2011 exceeded 2010, and was primarily due to rate increases. Overall billable dollars for electric, water, sewer and refuse increased in 2011 as compared to 2010, even though actual recorded usage was down in both water and sewer.

User rates in the enterprise funds are evaluated annually by management with rate adjustments recommended by City administration to the Board of Public Affairs and the City Council (legislative body) for review and formal approval. Changes to user rates are made periodically whenever necessary to keep pace with increased operational and capital costs.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined fund balance of \$5,116,147, which is a decrease of \$380,564 from last year's balance of \$5,496,711. \$348,241 was paid for prior deferred assessments out of the Special Assessment Bond Retirement Fund to the Ohio Rural Water/Sewer Commission (ORWSC) in 2011. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

| | Fund Balance December 31, 2011 | Restated Fund Balance December 31, 2010 | Increase (Decrease) |
|------------------------------------|-----------------------------------|---|------------------------|
| General | \$1,951,907 | \$2,020,731 | (\$68,824) |
| Special Assessment Bond Retirement | 550,427 | 898,599 | (348,172) |
| Capital Improvement | 692,081 | 546,780 | 145,301 |
| Other Governmental | 1,921,732 | 2,030,601 | (108,869) |
| Total | <u>\$5,116,147</u> | <u>\$5,496,711</u> | <u>(\$380,564)</u> |

General Fund – The City's General Fund balance decreased due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund:

| | 2011 Revenues | 2010 Revenues | Increase (Decrease) |
|------------------------------------|--------------------|--------------------|------------------------|
| Taxes (Income, Property and Other) | \$3,628,496 | \$3,604,361 | \$24,135 |
| Intergovernmental Revenue | 542,646 | 541,152 | 1,494 |
| Charges for Services | 281,638 | 265,710 | 15,928 |
| Licenses and Permits | 68,203 | 63,599 | 4,604 |
| Investment Earnings | 63,732 | 72,888 | (9,156) |
| Fines and Forfeitures | 248,556 | 267,980 | (19,424) |
| Special Assessments | 236 | 634 | (398) |
| All Other Revenue | 347,215 | 331,577 | 15,638 |
| Total | <u>\$5,180,722</u> | <u>\$5,147,901</u> | <u>\$32,821</u> |

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

General Fund revenues in 2011 increased less than 1% compared to revenues in fiscal year 2010. The most significant factor contributing to this increase was in Income Taxes. Decreases occurred in three categories of revenue; investment earnings, fines and forfeitures, and special assessments.

| | 2011 | 2010 | Increase |
|------------------------------------|---------------------|---------------------|-------------------|
| | <u>Expenditures</u> | <u>Expenditures</u> | <u>(Decrease)</u> |
| Security of Persons and Property | \$2,489,073 | \$2,327,273 | \$161,800 |
| Public Health and Welfare Services | 110,917 | 101,383 | 9,534 |
| Community Environment | 453,996 | 104,102 | 349,894 |
| General Government | 908,695 | 974,155 | (65,460) |
| Total | <u>\$3,962,681</u> | <u>\$3,506,913</u> | <u>\$455,768</u> |

General Fund expenditures increased overall by \$455,768, or about 13%, when compared to the prior year of 2010. The largest increases were in Security of Persons and Property of \$161,800; and, in Community Environment of \$349,894 due to capital grants. General Government decreased by \$(65,460). General Government expenditures reflect a net of reimbursements (or off-sets) for shared administrative costs allocated to the business type activities, and this off-set was \$193,400 higher in 2011 as compared to 2010. In addition, reimbursement off-sets are included for the kilowatt hour tax monies collected in the Electric Fund, and directed back to the General Fund pursuant to Ohio law. In all funds, including business-type activities and governmental activities, individual salary and wages, retirement contributions, health and life insurance premiums, and other benefits for the City's employees decreased slightly in 2011 as compared to 2010.

Expenditures in the Special Assessment Bond Retirement Fund and Other Governmental Funds increased in 2011 as compared to 2010; see previous explanation above on payment to ORWSC. Expenditures for capital outlays in Governmental Funds decreased in 2011 compared to 2010.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011 the City amended its General Fund budget, along with other funds, various times on an as needed basis.

In the General Fund, the final budget basis for revenue was \$5.6 million, including transfers in. This was a \$372,741 increase over the original conservative budget estimates of \$5.3 million. The General Fund had an adequate revenue stream and fund balance reserves to cover its expenditures in 2011.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$71,415,072 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$31,682,111 was related to governmental activities and \$39,732,961 to the business-type activities. The following table shows fiscal year 2011 and 2010 balances:

| | Governmental Activities | | Increase (Decrease) |
|--------------------------------|----------------------------|--------------|------------------------|
| | 2011 | 2010 | |
| Land | \$11,598,507 | \$11,621,683 | (\$23,176) |
| Construction in Progress | 670,933 | 433,833 | 237,100 |
| Improvements | 1,805,566 | 1,842,275 | (36,709) |
| Buildings | 3,575,153 | 3,551,977 | 23,176 |
| Machinery and Equipment | 6,044,234 | 5,681,709 | 362,525 |
| Infrastructure | 26,922,552 | 26,338,431 | 584,121 |
| Less: Accumulated Depreciation | (18,934,834) | (18,217,872) | (716,962) |
| Totals | \$31,682,111 | \$31,252,036 | \$430,075 |

| | Business-Type Activities | | Increase (Decrease) |
|--------------------------------|-----------------------------|--------------|------------------------|
| | 2011 | 2010 | |
| Land | \$349,695 | \$349,695 | \$0 |
| Construction in Progress | 3,341,516 | 2,446,086 | 895,430 |
| Buildings | 7,030,855 | 7,030,855 | 0 |
| Improvements | 44,604,642 | 44,431,303 | 173,339 |
| Machinery and Equipment | 6,615,940 | 6,541,625 | 74,315 |
| Less: Accumulated Depreciation | (22,209,687) | (20,954,183) | (1,255,504) |
| Totals | \$39,732,961 | \$39,845,381 | (\$112,420) |

In the governmental activities, increases were the greatest in Construction in Progress, Machinery and Equipment and Infrastructure; for business-type activities, increases were greatest in Construction in Progress, Improvements and Machinery and Equipment. This reflects both major equipment purchases and major infrastructure upgrades primarily with continuing projects associated with meeting the City's Long Term Control Plan with the EPA. In 2011 the City purchased a major new piece of equipment for its Fire Department. Additional information on the City's capital assets can be found in Note 10.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Debt

At December 31, 2011, the City had \$13.1 million in bonds outstanding, \$713,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

| | 2011 | 2010 |
|--------------------------------|--------------|--------------|
| Governmental Activities: | | |
| Special Assessment Bonds | \$243,553 | \$308,953 |
| General Obligation Bonds | 1,250,000 | 1,315,000 |
| OPWC Loans Payable | 74,104 | 86,455 |
| Compensated Absences | 734,533 | 689,507 |
| Total Governmental Activities | 2,302,190 | 2,399,915 |
| Business-Type Activities: | | |
| General Obligation Bonds | \$1,610,000 | \$1,740,000 |
| Mortgage Revenue Bonds | 9,885,000 | 10,290,000 |
| Special Assessment Bonds | 69,446 | 75,046 |
| Long-Term Notes | 1,200,000 | 0 |
| WPCLF Loans Payable | 7,251,586 | 7,653,135 |
| OWDA Loans Payable | 1,828,963 | 2,261,064 |
| OPWC Loans Payable | 454,475 | 483,159 |
| OSWRC Deferred Loan Payable | 310,945 | 659,186 |
| Payable to Joint Venture | 149,215 | 190,682 |
| Compensated Absences | 276,614 | 293,306 |
| Total Business-Type Activities | 23,036,244 | 23,645,578 |
| Totals | \$25,338,434 | \$26,045,493 |

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to the other applicable political subdivisions within Henry County, Ohio, where Napoleon is located, is limited to ten mills. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

CITY'S GENERAL FUND BUDGET AND OTHER ECONOMIC FACTORS

The City purposefully builds into its budgets conservative revenue estimates with offsetting reductions or limited increases in base operating costs. Budgetary revenue estimates for the General Fund, and other funds, typically projects no growth, or potential reductions as necessary, in the various revenue sources for each budgeted fund. Original budgeted expenditures for the General Fund, and other funds, are typically *projected to exceed revenues*. Reductions, as necessary, are then made to budgeted expenditures to keep the funds in balance as required by State Law. The City utilizes projected fund balance reserves for any negative differences in revenues to expenditures to keep the budget balanced. The original 2011 General Fund budgeted revenues were conservatively projected below final actual revenues; and the budgeted expenditures were projected above final actual expenditures. The estimated level for revenues was 4.2% less than actual final receipts for the year; and for expenditures was 6.9% higher than actual final expenditures for the year. The purpose of the lower estimate to actual for revenues, and the higher estimate to actual for expenditures, is to keep year ending fund reserves at sustainable levels. This process helps to buffer any potential down turns, or no growth, in local economic conditions, such as what has recently occurred in fiscal years 2008 through 2010.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

The General Fund, and other funds, added no additional permanent full time personnel to the final 2011 approved budget. Certain department requests were reduced from original submissions; certain requested capital projects and capital acquisitions were reduced or eliminated; and only those items that City management and City Council determined necessary were appropriated.

City policy is to continue to pursue new potential revenue sources, while reviewing the possibility of increasing existing sources. A close monitoring of current and projected economic conditions is an ongoing process each year to determine if increased revenues, or reductions in expenditures, are necessary in order to maintain fiscal stability. Local economic conditions downturned starting in the third (3rd) quarter of 2008 and continued into 2009. Conditions stabilized in the fourth (4th) quarter of 2009, with some recovery and small growth in 2010. In 2011 conditions remained stable, but showed little overall growth. The 2011 Budget included a number of budgetary actions to account for changes in economic conditions, including those caused by reductions of shared governmental revenues from the State of Ohio, and additional unfunded mandates placed on the City by both the State and Federal Governments. Budgetary reviews and adjustments are made quarterly throughout the year, recommended by Management and approved by City Council.

Please see the transmittal letter for a more in depth review of the local economy and its impact on the City.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. It is intended to reflect the most current and up to date information on the City for the period reported. However, if you have questions about this report or need additional financial information please contact the Finance Department by one of the following venues:

| | |
|------------------|---|
| Written Request: | City of Napoleon, Ohio Attn: Department of Finance 255 West Riverview Avenue P.O. Box 151 Napoleon, Ohio 43545-0151 |
| Phone Request: | Phone (419) 599-1235 FAX (419) 599-8393 |
| E-mail Request: | gheath@napoleonohio.com |
| Web Page: | www.napoleonohio.com |



CITY OF NAPOLEON, OHIO

**Statement of Net Assets
December 31, 2011**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 4,340,890 | \$ 13,917,384 | \$ 18,258,274 |
| Receivables: | | | |
| Property Taxes | 481,144 | 0 | 481,144 |
| Municipal Income Taxes | 832,702 | 0 | 832,702 |
| Accounts | 484,759 | 3,622,186 | 4,106,945 |
| Intergovernmental | 435,015 | 2,656 | 437,671 |
| Interest | 11,658 | 19,700 | 31,358 |
| Special Assessments | 294,615 | 465,761 | 760,376 |
| Internal Balances | (9,600) | 9,600 | 0 |
| Inventory of Supplies at Cost | 131,683 | 1,277,999 | 1,409,682 |
| Capital Assets: | | | |
| Capital Assets Not Being Depreciated | 12,269,440 | 3,691,211 | 15,960,651 |
| Capital Assets Being Depreciated, Net | 19,412,671 | 36,041,750 | 55,454,421 |
| Investment in Joint Venture | 0 | 1,196,452 | 1,196,452 |
| Total Assets | 38,684,977 | 60,244,699 | 98,929,676 |
| Liabilities: | | | |
| Accounts Payable | 124,654 | 1,029,792 | 1,154,446 |
| Accrued Wages and Benefits | 308,286 | 125,048 | 433,334 |
| Unearned Revenue | 415,578 | 0 | 415,578 |
| Accrued Interest Payable | 7,753 | 134,385 | 142,138 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 450,463 | 2,836,981 | 3,287,444 |
| Due in More Than One Year | 1,851,727 | 20,199,263 | 22,050,990 |
| Total Liabilities | 3,158,461 | 24,325,469 | 27,483,930 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 30,103,480 | 21,224,567 | 51,328,047 |
| Restricted For: | | | |
| Capital Projects | 778,331 | 0 | 778,331 |
| Debt Service | 847,411 | 0 | 847,411 |
| Street Construction, Maintenance and Repair | 918,644 | 0 | 918,644 |
| EMS Transport Service | 495,954 | 0 | 495,954 |
| Fire Equipment | 375,230 | 0 | 375,230 |
| Court Improvement | 207,185 | 0 | 207,185 |
| Other Purposes | 263,195 | 0 | 263,195 |
| Unrestricted | 1,537,086 | 14,694,663 | 16,231,749 |
| Total Net Assets | \$ 35,526,516 | \$ 35,919,230 | \$ 71,445,746 |

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

| | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$ 3,318,795 | \$ 1,008,026 | \$ 4,230 | \$ 2,360 |
| Public Health and Welfare Services | 123,641 | 24,203 | 0 | 0 |
| Leisure Time Activities | 868,775 | 207,272 | 0 | 0 |
| Community Environment | 1,263,518 | 4,968 | 771,871 | 0 |
| Transportation | 760,223 | 6,267 | 541,568 | 101,941 |
| General Government | 1,086,864 | 113,089 | 5,500 | 0 |
| Interest and Fiscal Charges | 96,494 | 0 | 0 | 0 |
| Total Governmental Activities | 7,518,310 | 1,363,825 | 1,323,169 | 104,301 |
| Business-Type Activities: | | | | |
| Electric | 14,714,910 | 15,490,550 | 0 | 0 |
| Water | 3,229,358 | 2,610,784 | 0 | 46,412 |
| Sewer | 2,921,313 | 3,412,565 | 0 | 67,019 |
| Sanitation | 733,632 | 858,054 | 0 | 0 |
| Total Business-Type Activities | 21,599,213 | 22,371,953 | 0 | 113,431 |
| Totals | \$ 29,117,523 | \$ 23,735,778 | \$ 1,323,169 | \$ 217,732 |

General Revenues:

Property Taxes
Municipal Income Taxes
Other Local Taxes (kWh Tax)
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (2,304,179) | \$ 0 | \$ (2,304,179) |
| (99,438) | 0 | (99,438) |
| (661,503) | 0 | (661,503) |
| (486,679) | 0 | (486,679) |
| (110,447) | 0 | (110,447) |
| (968,275) | 0 | (968,275) |
| (96,494) | 0 | (96,494) |
| <u>(4,727,015)</u> | <u>0</u> | <u>(4,727,015)</u> |
| 0 | 775,640 | 775,640 |
| 0 | (572,162) | (572,162) |
| 0 | 558,271 | 558,271 |
| 0 | 124,422 | 124,422 |
| <u>0</u> | <u>886,171</u> | <u>886,171</u> |
| <u>\$ (4,727,015)</u> | <u>\$ 886,171</u> | <u>\$ (3,840,844)</u> |
| 382,639 | 0 | 382,639 |
| 2,826,623 | 0 | 2,826,623 |
| 522,615 | 0 | 522,615 |
| 691,333 | 0 | 691,333 |
| 91,360 | 155,535 | 246,895 |
| 139,873 | 0 | 139,873 |
| (118,388) | 118,388 | 0 |
| <u>4,536,055</u> | <u>273,923</u> | <u>4,809,978</u> |
| (190,960) | 1,160,094 | 969,134 |
| <u>35,717,476</u> | <u>34,759,136</u> | <u>70,476,612</u> |
| <u>\$ 35,526,516</u> | <u>\$ 35,919,230</u> | <u>\$ 71,445,746</u> |

CITY OF NAPOLEON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

| | General | Special Assessment Bond Retirement | Capital Improvement |
|--|---------------------|--|------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 1,268,637 | \$ 550,027 | \$ 706,307 |
| Receivables: | | | |
| Property Taxes | 343,779 | 0 | 0 |
| Municipal Income Taxes | 832,702 | 0 | 0 |
| Accounts | 60,782 | 0 | 1,762 |
| Intergovernmental | 172,966 | 0 | 0 |
| Interest | 8,452 | 994 | 0 |
| Special Assessments | 0 | 294,615 | 0 |
| Inventory of Supplies, at Cost | 1,606 | 0 | 0 |
| Total Assets | <u>\$ 2,688,924</u> | <u>\$ 845,636</u> | <u>\$ 708,069</u> |
| Liabilities: | | | |
| Accounts Payable | \$ 61,828 | \$ 0 | \$ 15,988 |
| Accrued Wages and Benefits Payable | 185,059 | 0 | 0 |
| Deferred Revenue | 490,130 | 295,209 | 0 |
| Total Liabilities | <u>737,017</u> | <u>295,209</u> | <u>15,988</u> |
| Fund Balances: | | | |
| Nonspendable | 5,761 | 0 | 0 |
| Restricted | 0 | 550,427 | 0 |
| Committed | 93,945 | 0 | 692,081 |
| Assigned | 42,032 | 0 | 0 |
| Unassigned | 1,810,169 | 0 | 0 |
| Total Fund Balances | <u>1,951,907</u> | <u>550,427</u> | <u>692,081</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,688,924</u> | <u>\$ 845,636</u> | <u>\$ 708,069</u> |

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 1,800,281 | \$ 4,325,252 |
| 137,365 | 481,144 |
| 0 | 832,702 |
| 418,855 | 481,399 |
| 262,049 | 435,015 |
| 2,212 | 11,658 |
| 0 | 294,615 |
| 120,535 | 122,141 |
| <u>\$ 2,741,297</u> | <u>\$ 6,983,926</u> |
| | |
| \$ 42,976 | \$ 120,792 |
| 117,661 | 302,720 |
| 658,928 | 1,444,267 |
| <u>819,565</u> | <u>1,867,779</u> |
| | |
| 120,535 | 126,296 |
| 1,554,885 | 2,105,312 |
| 318,758 | 1,104,784 |
| 9,528 | 51,560 |
| (81,974) | 1,728,195 |
| <u>1,921,732</u> | <u>5,116,147</u> |
| <u>\$ 2,741,297</u> | <u>\$ 6,983,926</u> |

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

| | |
|--|------------------------------------|
| Total Governmental Fund Balances | \$ 5,116,147 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because</i> | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | 31,671,138 |
| Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds. | 1,028,689 |
| Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 14,243 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(2,303,701)</u> |
| <i>Net Assets of Governmental Activities</i> | <u><u>\$ 35,526,516</u></u> |

See accompanying notes to the basic financial statements



CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

| | General | Special Assessment Bond Retirement | Capital Improvement |
|--|---------------------|--|------------------------|
| Revenues: | | | |
| Property Taxes | \$ 268,487 | \$ 0 | \$ 0 |
| Municipal Income Tax | 2,837,394 | 0 | 0 |
| Other Local Taxes (kWh Tax) | 522,615 | 0 | 0 |
| Intergovernmental Revenues | 542,646 | 0 | 30,110 |
| Charges for Services | 281,638 | 0 | 0 |
| Licenses and Permits | 68,203 | 0 | 0 |
| Investment Earnings | 63,732 | 13,354 | 0 |
| Special Assessments | 236 | 92,002 | 0 |
| Fines and Forfeitures | 248,556 | 0 | 0 |
| All Other Revenue | 347,215 | 0 | 1,762 |
| Total Revenue | 5,180,722 | 105,356 | 31,872 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 2,489,073 | 0 | 0 |
| Public Health and Welfare Services | 110,917 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 |
| Community Environment | 453,996 | 0 | 0 |
| Transportation | 0 | 0 | 0 |
| General Government | 908,695 | 3,058 | 0 |
| Capital Outlay | 0 | 0 | 650,487 |
| Debt Service: | | | |
| Principal Retirement | 0 | 77,751 | 0 |
| Interest and Fiscal Charges | 0 | 36,838 | 0 |
| Total Expenditures | 3,962,681 | 117,647 | 650,487 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,218,041 | (12,291) | (618,615) |
| Other Financing Sources (Uses): | | | |
| Sale of Capital Assets | 26 | 0 | 0 |
| Transfers In | 440,118 | 12,360 | 1,058,381 |
| Transfers Out | (1,725,921) | (348,241) | (294,465) |
| Total Other Financing Sources (Uses) | (1,285,777) | (335,881) | 763,916 |
| Net Change in Fund Balances | (67,736) | (348,172) | 145,301 |
| Fund Balances at Beginning of Year, as Restated | 2,020,731 | 898,599 | 546,780 |
| Increase (Decrease) in Inventory Reserve | (1,088) | 0 | 0 |
| Fund Balances End of Year | \$ 1,951,907 | \$ 550,427 | \$ 692,081 |

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 120,908 | \$ 389,395 |
| 0 | 2,837,394 |
| 0 | 522,615 |
| 1,647,866 | 2,220,622 |
| 518,649 | 800,287 |
| 0 | 68,203 |
| 18,349 | 95,435 |
| 0 | 92,238 |
| 115,206 | 363,762 |
| 52,134 | 401,111 |
| <u>2,473,112</u> | <u>7,791,062</u> |
| 789,014 | 3,278,087 |
| 0 | 110,917 |
| 799,615 | 799,615 |
| 806,988 | 1,260,984 |
| 596,226 | 596,226 |
| 51,074 | 962,827 |
| 0 | 650,487 |
| 65,000 | 142,751 |
| 60,100 | 96,938 |
| <u>3,168,017</u> | <u>7,898,832</u> |
| (694,905) | (107,770) |
| 0 | 26 |
| 663,485 | 2,174,344 |
| <u>(78,478)</u> | <u>(2,447,105)</u> |
| <u>585,007</u> | <u>(272,735)</u> |
| (109,898) | (380,505) |
| 2,030,601 | 5,496,711 |
| 1,029 | (59) |
| <u>\$ 1,921,732</u> | <u>\$ 5,116,147</u> |

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ (380,505)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 580,598

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (151,557)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 700

Capital assets transferred in from Business-Type Activities 1,373

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (346,050)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 142,751

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 444

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (44,971)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 6,257

Change in Net Assets of Governmental Activities \$ (190,960)

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|--------------|---|
| Revenues: | | | | |
| Property Taxes | \$ 231,990 | \$ 268,487 | \$ 268,487 | \$ 0 |
| Municipal Income Tax | 2,975,000 | 3,333,713 | 3,333,713 | 0 |
| Other Local Taxes | 522,000 | 522,615 | 522,615 | 0 |
| Intergovernmental Revenue | 500,750 | 528,802 | 528,802 | 0 |
| Charges for Services | 250,850 | 264,862 | 264,862 | 0 |
| Licenses and Permits | 54,610 | 68,203 | 68,203 | 0 |
| Investment Earnings | 97,620 | 89,126 | 89,126 | 0 |
| Special Assessments | 500 | 236 | 236 | 0 |
| Fines and Forfeitures | 273,000 | 247,040 | 247,040 | 0 |
| All Other Revenues | 352,920 | 314,241 | 314,241 | 0 |
| Total Revenues | 5,259,240 | 5,637,325 | 5,637,325 | 0 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 2,689,537 | 2,492,564 | 2,483,337 | 9,227 |
| Public Health and Welfare Services | 111,280 | 110,005 | 110,000 | 5 |
| Community Environment | 127,990 | 112,610 | 112,603 | 7 |
| General Government | 1,725,609 | 1,514,881 | 1,507,227 | 7,654 |
| Total Expenditures | 4,654,416 | 4,230,060 | 4,213,167 | 16,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 604,824 | 1,407,265 | 1,424,158 | 16,893 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 0 | 26 | 26 | 0 |
| Transfers In | 58,935 | 53,565 | 40,118 | (13,447) |
| Transfers Out | (1,564,700) | (1,737,921) | (1,737,921) | 0 |
| Total Other Financing Sources (Uses): | (1,505,765) | (1,684,330) | (1,697,777) | (13,447) |
| Net Change In Fund Balance | (900,941) | (277,065) | (273,619) | 3,446 |
| Fund Balance at Beginning of Year | 1,278,830 | 1,278,830 | 1,278,830 | 0 |
| Prior Year Encumbrances | 64,860 | 64,860 | 64,860 | 0 |
| Fund Balance at End of Year | \$ 442,749 | \$ 1,066,625 | \$ 1,070,071 | \$ 3,446 |

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

| | Business-Type Activities | | |
|--|--------------------------|--------------|--------------|
| | Enterprise Funds | | |
| | Electric | Water | Sewer |
| Assets: | | | |
| <i>Current Assets:</i> | | | |
| Cash and Cash Equivalents | \$ 6,671,318 | \$ 1,039,892 | \$ 5,665,071 |
| Receivables: | | | |
| Accounts | 2,532,344 | 392,032 | 544,158 |
| Intergovernmental | 0 | 2,656 | 0 |
| Interest | 8,172 | 1,342 | 9,214 |
| Special Assessments | 0 | 36,985 | 428,776 |
| Inventory of Supplies at Cost | 1,064,789 | 150,395 | 62,815 |
| <i>Total Current Assets</i> | 10,276,623 | 1,623,302 | 6,710,034 |
| <i>Non Current Assets:</i> | | | |
| Capital Assets, Net | 11,216,966 | 9,195,662 | 18,790,179 |
| Investment in Joint Venture | 1,196,452 | 0 | 0 |
| <i>Total Non Current Assets</i> | 12,413,418 | 9,195,662 | 18,790,179 |
| Total Assets | 22,690,041 | 10,818,964 | 25,500,213 |
| Liabilities: | | | |
| <i>Current Liabilities:</i> | | | |
| Accounts Payable | 957,196 | 33,125 | 26,072 |
| Accrued Wages and Benefits | 42,942 | 33,279 | 39,464 |
| Compensated Absences Payable - Current | 57,760 | 26,478 | 28,203 |
| Accrued Interest Payable | 0 | 35,248 | 99,137 |
| Notes Payable | 0 | 204,000 | 996,000 |
| General Obligation Bonds - Current | 0 | 140,000 | 0 |
| Special Assessment Bonds - Current | 0 | 0 | 6,400 |
| Mortgage Revenue Bonds - Current | 0 | 145,000 | 295,000 |
| Ohio Public Works Commission Loan - Current | 0 | 0 | 28,684 |
| Ohio Water Development Authority Loans - Current | 0 | 42,687 | 420,894 |
| Water Pollution Control Loans - Current | 0 | 0 | 438,422 |
| <i>Total Current Liabilities</i> | 1,057,898 | 659,817 | 2,378,276 |

CITY OF NAPOLEON, OHIO

| Sanitation | Total | Internal Service Funds |
|------------|---------------|------------------------|
| \$ 541,103 | \$ 13,917,384 | \$ 15,638 |
| 153,652 | 3,622,186 | 3,360 |
| 0 | 2,656 | 0 |
| 972 | 19,700 | 0 |
| 0 | 465,761 | 0 |
| 0 | 1,277,999 | 9,542 |
| 695,727 | 19,305,686 | 28,540 |
| 530,154 | 39,732,961 | 10,973 |
| 0 | 1,196,452 | 0 |
| 530,154 | 40,929,413 | 10,973 |
| 1,225,881 | 60,235,099 | 39,513 |
| 13,399 | 1,029,792 | 3,862 |
| 9,363 | 125,048 | 5,566 |
| 7,453 | 119,894 | 4,289 |
| 0 | 134,385 | 0 |
| 0 | 1,200,000 | 0 |
| 0 | 140,000 | 0 |
| 0 | 6,400 | 0 |
| 0 | 440,000 | 0 |
| 0 | 28,684 | 0 |
| 0 | 463,581 | 0 |
| 0 | 438,422 | 0 |
| 30,215 | 4,126,206 | 13,717 |

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

| | Business-Type Activities | | |
|--|--------------------------|---------------------|---------------------|
| | Enterprise Funds | | |
| | Electric | Water | Sewer |
| <i>Long Term Liabilities:</i> | | | |
| Compensated Absences Payable | 65,884 | 33,566 | 51,650 |
| General Obligation Bonds Payable | 0 | 1,470,000 | 0 |
| Special Assessment Bonds Payable | 0 | 0 | 63,046 |
| Revenue Bonds Payable | 0 | 3,820,000 | 5,625,000 |
| OWDA Loans Payable | 0 | 341,011 | 1,024,371 |
| OPWC Loans Payable | 0 | 0 | 425,791 |
| Ohio Sewer & Water Rotary Commission Deferred Loan Payable | 0 | 68,061 | 242,884 |
| Water Pollution Control Loans Payable | 0 | 0 | 6,813,164 |
| Payable to Joint Venture | 149,215 | 0 | 0 |
| <i>Total Long-Term Liabilities</i> | <u>215,099</u> | <u>5,732,638</u> | <u>14,245,906</u> |
| Total Liabilities | <u>1,272,997</u> | <u>6,392,455</u> | <u>16,624,182</u> |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 11,216,966 | 3,654,619 | 5,822,828 |
| Unrestricted | 10,200,078 | 771,890 | 3,053,203 |
| Total Net Assets | <u>\$ 21,417,044</u> | <u>\$ 4,426,509</u> | <u>\$ 8,876,031</u> |

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Assets of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

| <u>Sanitation</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|---------------------|----------------------|-----------------------------------|
| 5,620 | 156,720 | 1,953 |
| 0 | 1,470,000 | 0 |
| 0 | 63,046 | 0 |
| 0 | 9,445,000 | 0 |
| 0 | 1,365,382 | 0 |
| 0 | 425,791 | 0 |
| 0 | 310,945 | 0 |
| 0 | 6,813,164 | 0 |
| <u>0</u> | <u>149,215</u> | <u>0</u> |
| <u>5,620</u> | <u>20,199,263</u> | <u>1,953</u> |
| <u>35,835</u> | <u>24,325,469</u> | <u>15,670</u> |
| 530,154 | 21,224,567 | 10,973 |
| <u>659,892</u> | <u>14,685,063</u> | <u>12,870</u> |
| <u>\$ 1,190,046</u> | <u>\$ 35,909,630</u> | <u>\$ 23,843</u> |
| | <u>9,600</u> | |
| | <u>\$ 35,919,230</u> | |

CITY OF NAPOLEON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | |
|--|--------------------------|---------------------|---------------------|
| | Enterprise Funds | | |
| | Electric | Water | Sewer |
| Operating Revenues: | | | |
| Charges for Services | \$ 15,262,862 | \$ 2,437,880 | \$ 3,234,934 |
| Other Charges for Services | 90,388 | 190,196 | 177,631 |
| Total Operating Revenues | 15,353,250 | 2,628,076 | 3,412,565 |
| Operating Expenses: | | | |
| Personal Services | 1,084,546 | 696,892 | 569,409 |
| Contractual Services | 983,033 | 615,661 | 574,363 |
| Purchased Power | 11,744,636 | 0 | 0 |
| Materials and Supplies | 353,602 | 1,217,420 | 572,068 |
| Utilities | 48,314 | 167,499 | 146,529 |
| Depreciation | 388,494 | 233,728 | 571,033 |
| Total Operating Expenses | 14,602,625 | 2,931,200 | 2,433,402 |
| Operating Income (Loss) | 750,625 | (303,124) | 979,163 |
| Nonoperating Revenue (Expenses): | | | |
| Investment Earnings | 61,104 | 15,756 | 72,040 |
| Interest Expense | 0 | (299,207) | (488,089) |
| Sale of Capital Assets | 0 | (17,292) | 0 |
| Other Local Taxes (kWh Tax) | 109,491 | 0 | 0 |
| Gain on Investment in Joint Venture | 27,809 | 0 | 0 |
| Other Nonoperating Expense (kWh Paid to State) | (115,055) | 0 | 0 |
| Total Nonoperating Revenues (Expenses) | 83,349 | (300,743) | (416,049) |
| Income (Loss) Before Transfers and Contributions | 833,974 | (603,867) | 563,114 |
| Transfers In | 0 | 96,310 | 495,021 |
| Transfers Out | (401,373) | (39,090) | (32,480) |
| Capital Contributions | 0 | 46,412 | 67,019 |
| Change in Net Assets | 432,601 | (500,235) | 1,092,674 |
| Net Assets Beginning of Year | 20,984,443 | 4,926,744 | 7,783,357 |
| Net Assets End of Year | <u>\$ 21,417,044</u> | <u>\$ 4,426,509</u> | <u>\$ 8,876,031</u> |

Change in Net Assets - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.
Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

| Sanitation | Total | Internal Service Funds |
|--------------|---------------|---------------------------|
| \$ 846,840 | \$ 21,782,516 | \$ 76,189 |
| 11,214 | 469,429 | 2,761 |
| 858,054 | 22,251,945 | 78,950 |
| 205,931 | 2,556,778 | 131,513 |
| 391,701 | 2,564,758 | 0 |
| 0 | 11,744,636 | 0 |
| 72,773 | 2,215,863 | 87,439 |
| 2,101 | 364,443 | 582 |
| 62,249 | 1,255,504 | 1,039 |
| 734,755 | 20,701,982 | 220,573 |
| 123,299 | 1,549,963 | (141,623) |
| 6,635 | 155,535 | 0 |
| 0 | (787,296) | 0 |
| 0 | (17,292) | 0 |
| 0 | 109,491 | 0 |
| 0 | 27,809 | 0 |
| 0 | (115,055) | 0 |
| 6,635 | (626,808) | 0 |
| 129,934 | 923,155 | (141,623) |
| 0 | 591,331 | 153,000 |
| 0 | (472,943) | 0 |
| 0 | 113,431 | 0 |
| 129,934 | 1,154,974 | 11,377 |
| 1,060,112 | 34,754,656 | 12,466 |
| \$ 1,190,046 | \$ 35,909,630 | \$ 23,843 |
| | \$ 1,154,974 | |
| | 5,120 | |
| | \$ 1,160,094 | |

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | |
|--|--------------------------|-------------|-------------|
| | Enterprise Funds | | |
| | Electric | Water | Sewer |
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash Received from Customers | \$15,209,341 | \$2,591,214 | \$3,585,636 |
| Cash Payments for Goods and Services | (13,042,915) | (2,013,934) | (1,301,802) |
| Cash Payments to Employees | (1,093,499) | (703,354) | (560,837) |
| Net Cash Provided (Used) by Operating Activities | 1,072,927 | (126,074) | 1,722,997 |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | |
| Transfers In from Other Funds | 0 | 96,310 | 495,021 |
| Transfers Out to Other Funds | (400,000) | (39,090) | (32,480) |
| Receipts of Other Local Taxes | 109,491 | 0 | 0 |
| kWh Tax Paid to State | (115,055) | 0 | 0 |
| Net Cash Provided (Used) by Noncapital Financing Activities | (405,564) | 57,220 | 462,541 |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | |
| Acquisition and Construction of Assets | (318,507) | (453,989) | (484,117) |
| Capital Contributions | 0 | 41,100 | 143,697 |
| General Obligation Notes Issued | 0 | 204,000 | 996,000 |
| Principal Paid on Special Assessment Bond | 0 | 0 | (5,600) |
| Principal Paid on General Obligation Bonds | 0 | (130,000) | 0 |
| Principal Paid on Mortgage Revenue Bonds | 0 | (140,000) | (265,000) |
| Principal Paid on Ohio Sewer and Water Rotary Commission Loans | 0 | (90,105) | (258,136) |
| Principal Paid on Ohio Public Works Commission Loan | 0 | 0 | (28,684) |
| Principal Paid on Ohio Water Development Authority Loans | 0 | (39,973) | (392,128) |
| Principal Paid on Water Pollution Control Loan Fund Loan | 0 | 0 | (401,549) |
| Interest Paid on All Debt | 0 | (287,072) | (425,541) |
| Net Cash Used for Capital and Related Financing Activities | (318,507) | (896,039) | (1,121,058) |
| <u>Cash Flows from Investing Activities:</u> | | | |
| Receipts of Interest | 64,739 | 16,950 | 75,167 |
| Net Cash Provided by Investing Activities | 64,739 | 16,950 | 75,167 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 413,595 | (947,943) | 1,139,647 |
| Cash and Cash Equivalents at Beginning of Year | 6,257,723 | 1,987,835 | 4,525,424 |
| Cash and Cash Equivalents at End of Year | \$6,671,318 | \$1,039,892 | \$5,665,071 |

CITY OF NAPOLEON, OHIO

| Sanitation | Totals | Governmental Activities Internal Service Funds |
|------------|--------------|---|
| \$854,520 | \$22,240,711 | \$78,552 |
| (465,846) | (16,824,497) | (87,682) |
| (205,624) | (2,563,314) | (130,543) |
| 183,050 | 2,852,900 | (139,673) |
| 0 | 591,331 | 153,000 |
| 0 | (471,570) | 0 |
| 0 | 109,491 | 0 |
| 0 | (115,055) | 0 |
| 0 | 114,197 | 153,000 |
| (16,692) | (1,273,305) | 0 |
| 0 | 184,797 | 0 |
| 0 | 1,200,000 | 0 |
| 0 | (5,600) | 0 |
| 0 | (130,000) | 0 |
| 0 | (405,000) | 0 |
| 0 | (348,241) | 0 |
| 0 | (28,684) | 0 |
| 0 | (432,101) | 0 |
| 0 | (401,549) | 0 |
| 0 | (712,613) | 0 |
| (16,692) | (2,352,296) | 0 |
| 6,838 | 163,694 | 0 |
| 6,838 | 163,694 | 0 |
| 173,196 | 778,495 | 13,327 |
| 367,907 | 13,138,889 | 2,311 |
| \$541,103 | \$13,917,384 | \$15,638 |

(Continued)

CITY OF NAPOLEON, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | |
|--|--------------------------|--------------------|--------------------|
| | Enterprise Funds | | |
| | Electric | Water | Sewer |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | | | |
| <u>Provided (Used) by Operating Activities:</u> | | | |
| Operating Income (Loss) | \$750,625 | (\$303,124) | \$979,163 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation Expense | 388,494 | 233,728 | 571,033 |
| Changes in Assets and Liabilities: | | | |
| Decrease (Increase) in Accounts Receivable | (158,926) | (39,674) | 16,818 |
| Decrease in Special Assessments Receivable | 0 | 2,812 | 156,253 |
| Decrease (Increase) in Inventory | 52,368 | (9,816) | (13,760) |
| Increase in Accounts Payable | 49,319 | (3,538) | 4,918 |
| Increase (Decrease) in Accrued | | | |
| Wages and Benefits | (2,148) | 5,843 | 18,173 |
| Increase (Decrease) in | | | |
| Compensated Absences | (6,805) | (12,305) | (9,601) |
| Total Adjustments | <u>322,302</u> | <u>177,050</u> | <u>743,834</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$1,072,927</u> | <u>(\$126,074)</u> | <u>\$1,722,997</u> |

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2011, the Sanitation fund had outstanding liabilities of \$600 for the purchase of certain capital assets.

In addition, the Sewer Fund had capital assets purchased from various other sources in the amount of \$8,320.

See accompanying notes to the basic financial statements

CITY OF NAPOLEON, OHIO

| <u>Sanitation</u> | <u>Totals</u> | <u>Governmental Activities Internal Service Funds</u> |
|-------------------|--------------------|---|
| \$123,299 | \$1,549,963 | (\$141,623) |
| 62,249 | 1,255,504 | 1,039 |
| (3,534) | (185,316) | (398) |
| 0 | 159,065 | 0 |
| 0 | 28,792 | (1,310) |
| 729 | 51,428 | 1,649 |
| 1,220 | 23,088 | 856 |
| (913) | (29,624) | 114 |
| <u>59,751</u> | <u>1,302,937</u> | <u>1,950</u> |
| <u>\$183,050</u> | <u>\$2,852,900</u> | <u>(\$139,673)</u> |

CITY OF NAPOLEON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2011***

| | <u>Agency</u> |
|---------------------------|------------------|
| Assets: | |
| Cash and Cash Equivalents | <u>\$ 36,012</u> |
| Total Assets | <u>36,012</u> |
| Liabilities: | |
| Due to Others | <u>36,012</u> |
| Total Liabilities | <u>\$ 36,012</u> |

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Napoleon, Ohio (the City) is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter, which provides for a Council/Manager form of government. The Charter was adopted November 7, 1950 and became effective January 1, 1952. The Charter was amended by vote on November 3, 1992, and became effective January 1, 1993; and the current Charter was amended by vote on November 7, 2000 and became effective July 1, 2001.

The financial statements are presented as of December 31, 2011 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system and provides refuse collection services all of which are reported as enterprise funds.

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP-Ohio which acts as the joint venture's agent. See Note 16 "Joint Ventures and Jointly Governed Organizations."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 16 "Joint Ventures and Jointly Governed Organizations."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 16 "Joint Ventures and Jointly Governed Organizations."

2. Joint Ventures without Equity Interest

Community Improvement Corporation - The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. See Note 16 "Joint Ventures and Jointly Governed Organizations."

3. Jointly Governed Organizations:

Maumee Valley Planning Organization - The City is a member of the Maumee Valley Planning Organization (MVPO), which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area. See Note 16 "Joint Ventures and Jointly Governed Organizations."

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units.

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Special Assessment Bond Retirement Fund - To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Capital Improvement Fund - To account for financial resources, mainly income tax revenue transferred into the fund, used for the major capital projects undertaken by the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

All proprietary funds fall under Business-Type Activities and are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major and non-major enterprise funds are:

Electric Fund – (Major) – To account for the operation of the City's electric distribution service.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Water Fund – (Major) – This fund is used to account for the operation of the City’s water service.

Sewer Fund – (Major) – This fund is used to account for the operation of the City’s sanitary sewer service.

Sanitation Fund – (Non-major) – This fund is used to account for the operation of the City’s sanitation (refuse) pickup and disposal service.

Internal Service Funds (Non-major) - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Garage Fund. This fund is used to account for monies received from city departments to cover the cost of servicing the vehicles of the City departments.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City’s own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has three agency funds. These funds are used to account for monies received by the City in situations where the City’s role is purely custodial in nature. The three funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Law Library Fund, which is used to account for monies collected from traffic fines until they are remitted to other entities and the Payroll Withholdings Fund, which is used to account for withholding taxes until they are remitted to other entities.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service fund is eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2011 but are not intended to finance 2011 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7 "Taxes".

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The only funds required to be reported in the basic financial statements are the general fund and any major special revenue funds. The primary level of budgetary control is at the object level within each department. Budgetary modifications may be made only by ordinance of the City Council.

1. Tax Budget

The Director of Finance and the City Manager submit an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

The budget commission has waived the filing of the budget, however, schedules A and B of the budget must be submitted to the commission.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2011, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

| | Net Change In Fund Balance |
|--|----------------------------|
| | General Fund |
| GAAP Basis (as reported) | (\$67,736) |
| Increase (Decrease): | |
| Accrued Revenues at December 31, 2011 received during 2012 | (928,551) |
| Accrued Revenues at December 31, 2010 received during 2011 | 850,645 |
| Accrued Expenditures at December 31, 2011 paid during 2012 | 246,887 |
| Accrued Expenditures at December 31, 2010 paid during 2011 | (263,269) |
| 2010 Adjustment to Fair Value | 77,019 |
| 2011 Adjustment to Fair Value | (51,661) |
| Outstanding Encumbrances | (61,004) |
| Perspective Difference: | |
| Activity of Funds Reclassified for GAAP Reporting Purposes | (75,949) |
| Budget Basis | (\$273,619) |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 6, "Cash, Cash Equivalents and Investments." Investment earnings of \$59,267 earned by other funds were credited to the general fund as required by local statute.

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon percentages mandated by City ordinance. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investments, other than certificates of deposit, are considered, including those with a maturity of one year or less, and included in the calculation of the change in fair value. Fair value is determined by quoted market prices. See Note 6, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2011.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*", has been reported.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| Description | Governmental and Business-Type Activities Estimated Lives (in years) |
|--|--|
| Buildings | 25 |
| Improvements other than Buildings/Infrastructure | 10 - 50 |
| Machinery, Equipment, Vehicles, Furniture and Fixtures | 5 - 25 |

J. Long-Term Debt

Long-term liabilities are being repaid from the following funds:

| Obligation | Fund |
|--|---|
| General Obligation Bonds | General Obligation Bond Retirement Fund Water Fund |
| Mortgage Revenue Bonds | Sewer Fund, Water Fund |
| Special Assessment Bonds with Governmental Commitment | Special Assessment Bond Retirement Fund Sewer Fund |
| Long-Term Notes Payable | Water Fund, Sewer Fund |
| Ohio Public Works Commission Loans | Special Assessment Bond Retirement Fund Sewer Fund |
| OWDA Loans | Water Fund, Sewer Fund |
| OSWRC Loans | Sewer Fund, Water Fund |
| WPCLF Loans | Sewer Fund |
| Payable to Joint Venture | Electric Fund |
| Compensated Absences | General Fund Street Construction, Maintenance, and Repair Fund Recreation Fund Electric Fund Water Fund Sewer Fund Sanitation Fund Central Garage Rotary Fund |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute.

The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Employees are paid 25% of the accumulated sick time upon retirement. Employees are eligible for retirement at age 60 with 5 years of service, age 55 with 25 years of service, and any age with at least 30 years of service. Compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

For governmental funds, that portion of unpaid compensated absences that has matured is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Matured Compensated Absences Payable." In the government wide statement of net assets, "Matured Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

N. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems, electric generation and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

| | |
|---------------------------------|-------------|
| Delinquent Income Tax Revenue | \$49,416 |
| Delinquent Property Tax Revenue | 27,003 |
| Shared Revenues | 304,451 |
| Interest Revenues | 6,963 |
| Charges for Services | 346,241 |
| Special Assessment Revenue | 294,615 |
| | <hr/> |
| | \$1,028,689 |

Long-Term liabilities not reported in the funds:

| | |
|------------------------------------|---------------|
| Special Assessment Bonds Payable | (\$243,553) |
| General Obligation Bonds Payable | (1,250,000) |
| OPWC Loans Payable | (74,104) |
| Accrued Interest on Long-Term Debt | (7,753) |
| Compensated Absences Payable | (728,291) |
| | <hr/> |
| | (\$2,303,701) |

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

| | |
|----------------------|--------------------|
| Capital Outlay | \$1,718,666 |
| Depreciation Expense | <u>(1,138,068)</u> |
| | \$580,598 |

Governmental revenues not reported in the funds:

| | |
|---|-----------------|
| Decrease in Delinquent Income Tax Revenue | (\$10,771) |
| Decrease in Delinquent Property Tax | (6,756) |
| Decrease in Shared Revenue | (203,760) |
| Decrease in Interest Revenue | (4,075) |
| Decrease in Charges for Services | (101,941) |
| Decrease in Special Assessment Revenue | <u>(18,747)</u> |
| | (\$346,050) |

Expenses not requiring the use of current financial resources:

| | |
|--|-------------|
| Increase in Compensated Absences Payable | (\$44,912) |
| Decrease in supplies inventory | <u>(59)</u> |
| | (\$44,971) |

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2011 of \$49,504 in the Police Pension Fund and \$32,470 in the Fire Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | General Fund | Special Assessment Bond Retirement Fund | Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---|--------------------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | | | |
| Supplies Inventory | \$1,606 | \$0 | \$0 | \$120,535 | \$122,141 |
| Unclaimed Monies | 4,155 | 0 | 0 | 0 | 4,155 |
| Total Nonspendable | <u>5,761</u> | <u>0</u> | <u>0</u> | <u>120,535</u> | <u>126,296</u> |
| Restricted: | | | | | |
| Special Assessment Debt Service Payments | 0 | 550,427 | 0 | 0 | 550,427 |
| Street Construction and Maintenance | 0 | 0 | 0 | 160,219 | 160,219 |
| State Highway Improvements | 0 | 0 | 0 | 26,892 | 26,892 |
| Motor Vehicle License Tax | 0 | 0 | 0 | 510,548 | 510,548 |
| Cemetery | 0 | 0 | 0 | 68,776 | 68,776 |
| Hotel/Motel | 0 | 0 | 0 | 1,383 | 1,383 |
| Fire Equipment | 0 | 0 | 0 | 374,825 | 374,825 |
| Fire Loss | 0 | 0 | 0 | 13,860 | 13,860 |
| CDBG Grant | 0 | 0 | 0 | 30,545 | 30,545 |
| Indigent Drivers Alcohol Treatment | 0 | 0 | 0 | 43,059 | 43,059 |
| Law Enforcement and Education | 0 | 0 | 0 | 5,070 | 5,070 |
| Law Enforcement | 0 | 0 | 0 | 1,679 | 1,679 |
| Court Computerization | 0 | 0 | 0 | 33,631 | 33,631 |
| Mandatory Drug Fine | 0 | 0 | 0 | 16,710 | 16,710 |
| Municipal Probation Service | 0 | 0 | 0 | 9,418 | 9,418 |
| Law Enforcement Grant | 0 | 0 | 0 | 15,671 | 15,671 |
| Probation Officer Grant | 0 | 0 | 0 | 14,528 | 14,528 |
| Court Improvement | 0 | 0 | 0 | 207,185 | 207,185 |
| Handicap Parking | 0 | 0 | 0 | 1,100 | 1,100 |
| Certified Police Training | 0 | 0 | 0 | 3,280 | 3,280 |
| Indigent Drivers Interlock/Alcohol | 0 | 0 | 0 | 16,506 | 16,506 |
| Total Restricted | <u>0</u> | <u>550,427</u> | <u>0</u> | <u>1,554,885</u> | <u>2,105,312</u> |
| Committed: | | | | | |
| Special Events | 4,873 | 0 | 0 | 0 | 4,873 |
| Economic Development | 81,087 | 0 | 0 | 0 | 81,087 |
| Employee Benefits | 7,985 | 0 | 692,081 | 0 | 700,066 |
| EMS Transport Service | 0 | 0 | 0 | 149,713 | 149,713 |
| Recreation | 0 | 0 | 0 | 82,795 | 82,795 |
| CIP | 0 | 0 | 0 | 86,250 | 86,250 |
| Total Committed | <u>93,945</u> | <u>0</u> | <u>692,081</u> | <u>318,758</u> | <u>1,104,784</u> |
| Assigned | 42,032 | 0 | 0 | 9,528 | 51,560 |
| Unassigned | 1,810,169 | 0 | 0 | (81,974) | 1,728,195 |
| Total Fund Balances | <u>\$1,951,907</u> | <u>\$550,427</u> | <u>\$692,081</u> | <u>\$1,921,732</u> | <u>\$5,116,147</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND BALANCE

For 2011 the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below:

| | General Fund | Special Assessment Bond Retirement Fund | Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------|--------------------|--|--------------------------------|--------------------------------|--------------------------------|
| Fund Balance | | | | | |
| at December 31, 2010 | \$2,010,775 | \$898,599 | \$546,780 | \$2,040,557 | \$5,496,711 |
| Fund Reclassification | 9,956 | 0 | 0 | (9,956) | 0 |
| Fund Balance, as restated | <u>\$2,020,731</u> | <u>\$898,599</u> | <u>\$546,780</u> | <u>\$2,030,601</u> | <u>\$5,496,711</u> |

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$14,749,290, including \$2,500 of cash on hand. \$7,706,889 of the City's bank balance of \$15,578,711 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, not in the City's name.

B. Investments

The City's investments at December 31, 2011 are summarized below:

| | Fair Value | Credit Rating | Investment Maturities (in Years) | |
|-------------------|--------------------|-------------------------------------|----------------------------------|--------------------|
| | | | less than 1 | 1-3 |
| T-BILL | \$1,517,871 | AAA ¹ / Aaa ² | \$0 | \$1,517,871 |
| FFCB | 1,000,000 | AAA ¹ / Aaa ² | 0 | 1,000,000 |
| FHLB | 1,022,530 | AAA ¹ / Aaa ² | 1,022,530 | 0 |
| STAR Ohio | 4,595 | AAAm ¹ | 4,595 | 0 |
| Total Investments | <u>\$3,544,996</u> | | <u>\$1,027,125</u> | <u>\$2,517,871</u> |

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The City's investment policy limits security purchases to those that mature within five years of settlement date with an average weighted maturity not to exceed two years.

Credit Risk – The City's investments in T-Bill, FFCB and FHLB securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. While the City has no formal investment policy, the City addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in T-Bills, FFCB and FHLB securities in the amounts of \$1,517,871, \$1,000,000 and \$1,022,530 respectively are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City has invested 43% of its investments in T-Bills, 28% in FFCB, 28% in FHLB, and 1% in STAR Ohio.

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2011 and the equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of January 1, 2010. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 7 - TAXES (Continued)

A. Property Taxes (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Napoleon. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for the City's operations for the year ended December 31, 2011 was \$2.90 per \$1,000 of assessed value. The assessed value upon which the 2011 receipts were based was \$152,001,940. This amount constitutes \$151,320,860 in real property assessed value and \$681,080 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .29% (2.90 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 1.5% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, interest, accounts receivable, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

| Transfers In: | Transfers Out: | | | | | | | Total |
|---|--------------------|---|--------------------------|-----------------------------|------------------|-----------------|-----------------|--------------------|
| | General Fund | Special Assessment Bond Retirement Fund | Capital Improvement Fund | Nonmajor Governmental Funds | Electric Fund | Water Fund | Sewer Fund | |
| General Fund | \$0 | \$0 | \$0 | \$40,118 | \$400,000 | \$0 | \$0 | \$440,118 |
| Special Assessment Bond Retirement Fund | 0 | 0 | 0 | 12,360 | 0 | 0 | 0 | 12,360 |
| Capital Improvement Fund | 1,032,106 | 0 | 0 | 0 | 0 | 0 | 26,275 | 1,058,381 |
| Nonmajor Governmental Funds | 540,815 | 0 | 96,670 | 26,000 | 0 | 0 | 0 | 663,485 |
| Water Fund | 0 | 90,105 | 0 | 0 | 0 | 0 | 6,205 | 96,310 |
| Sewer Fund | 0 | 258,136 | 197,795 | 0 | 0 | 39,090 | 0 | 495,021 |
| Internal Service Fund | 153,000 | 0 | 0 | 0 | 0 | 0 | 0 | 153,000 |
| Total | <u>\$1,725,921</u> | <u>\$348,241</u> | <u>\$294,465</u> | <u>\$78,478</u> | <u>\$400,000</u> | <u>\$39,090</u> | <u>\$32,480</u> | <u>\$2,918,675</u> |

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (4) move revenues to the construction in progress reserve fund for future capital purchase authorized by Council; and (5) move remaining balance in funds that are being closed to the funds that made the original transfer.

All transfers were made in accordance with the Ohio Revised Code sections 5705.14, 5705.15, and 5705.16.

During 2011, net transfers were made from the Electric Fund to the general capital assets in the amount of \$1,373. The transfer was related to a vehicle originally purchased by governmental activities that was returned from the Electric Fund.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

| Class | December 31, 2010 | Transfers | Additions | Deletions | December 31, 2011 |
|--|----------------------|------------|-------------|-------------|----------------------|
| <i>Capital assets not being depreciated:</i> | | | | | |
| Land | \$11,621,683 | (\$23,176) | \$0 | \$0 | \$11,598,507 |
| Construction in Progress | 433,833 | 0 | 237,100 | 0 | 670,933 |
| Subtotal | 12,055,516 | (23,176) | 237,100 | 0 | 12,269,440 |
| <i>Capital assets being depreciated:</i> | | | | | |
| Improvements | 1,842,275 | 0 | 0 | (36,709) | 1,805,566 |
| Buildings | 3,551,977 | 23,176 | 0 | 0 | 3,575,153 |
| Machinery and Equipment | 5,681,709 | 1,373 | 391,366 | (30,214) | 6,044,234 |
| Infrastructure | 26,338,431 | 0 | 1,090,900 | (506,779) | 26,922,552 |
| Subtotal | 37,414,392 | 24,549 | 1,482,266 | (573,702) | 38,347,505 |
| Total Cost | \$49,469,908 | \$1,373 | \$1,719,366 | (\$573,702) | \$50,616,945 |

Accumulated Depreciation:

| Class | December 31, 2010 | Transfers | Additions | Deletions | December 31, 2011 |
|-------------------------|----------------------|------------|-----------------|-----------|----------------------|
| Improvements | (\$380,381) | \$0 | (\$38,654) | \$0 | (\$419,035) |
| Buildings | (2,159,375) | 0 | (66,558) | 0 | (2,225,933) |
| Machinery and Equipment | (3,515,251) | (26,170) | (276,854) | 17,981 | (3,800,294) |
| Infrastructure | (12,162,865) | 0 | (730,871) | 404,164 | (12,489,572) |
| Total Depreciation | (\$18,217,872) | (\$26,170) | (\$1,112,937) * | \$422,145 | (\$18,934,834) |
| <i>Net Value:</i> | \$31,252,036 | | | | \$31,682,111 |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|---|-------------|
| Security of Persons and Property | \$156,773 |
| Public Health and Welfare Services | 5,862 |
| Leisure Time Activities | 67,319 |
| Community Environment | 393 |
| Transportation | 789,165 |
| General Government | 92,386 |
| Total Depreciation Expense recorded within the Governmental Activities | 1,111,898 |
| Amount of Depreciation Expense recorded in the Internal Service Fund | 1,039 |
| Total Depreciation Expense | \$1,112,937 |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2011:

Historical Cost:

| Class | December 31, 2010 | Transfers | Additions | Deletions | December 31, 2011 |
|--|----------------------|-----------|-------------|------------|----------------------|
| <i>Capital assets not being depreciated:</i> | | | | | |
| Land | \$349,695 | \$0 | \$0 | \$0 | \$349,695 |
| Construction in Progress | 2,446,086 | 0 | 895,430 | 0 | 3,341,516 |
| Subtotal | 2,795,781 | 0 | 895,430 | 0 | 3,691,211 |
| <i>Capital assets being depreciated:</i> | | | | | |
| Buildings | 7,030,855 | 0 | 0 | 0 | 7,030,855 |
| Improvements | 44,431,303 | 0 | 190,631 | (17,292) | 44,604,642 |
| Machinery and Equipment | 6,541,625 | (1,373) | 75,688 | 0 | 6,615,940 |
| Subtotal | 58,003,783 | (1,373) | 266,319 | (17,292) | 58,251,437 |
| Total Cost | \$60,799,564 | (\$1,373) | \$1,161,749 | (\$17,292) | \$61,942,648 |

Accumulated Depreciation:

| Class | December 31, 2010 | Transfers | Additions | Deletions | December 31, 2011 |
|-------------------------|----------------------|-----------|---------------|-----------|----------------------|
| Buildings | (\$4,179,351) | \$0 | (\$195,468) | \$0 | (\$4,374,819) |
| Improvements | (11,556,500) | 0 | (878,111) | 0 | (12,434,611) |
| Machinery and Equipment | (5,218,332) | 26,170 | (208,095) | 0 | (5,400,257) |
| Total Depreciation | (\$20,954,183) | \$26,170 | (\$1,281,674) | \$0 | (\$22,209,687) |
| <i>Net Value:</i> | \$39,845,381 | | | | \$39,732,961 |

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$647,768, \$415,720 and \$262,671, respectively, which were equal to the required contributions for each year.

B. Ohio Police and Fire Pension Fund (“OP&F”)

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$165,193, \$164,972 and \$91,150 for police and \$114,483, \$99,297 and \$71,527 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$185,077, \$236,998 and \$367,318, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund (“OP&F”)

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund ("OP&F") (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$57,182, \$57,106 and \$52,363 for police and \$32,198, \$27,927 and \$29,712 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 13 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2011, the City's accumulated, unpaid compensated absences amounted to \$1,011,147, of which \$734,533 is recorded as a liability of the Governmental Activities and \$276,614 is recorded as a liability of the Business-Type Activities.

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2011 was as follows:

| Date Purchased | Interest Rate | Description | Maturity Date | Balance December 31, 2010 | Additions | (Reductions) | Balance December 31, 2011 | Amount Due Within One Year |
|---|---------------|--|---------------|---------------------------|-------------|---------------|---------------------------|----------------------------|
| Business-Type Activities: | | | | | | | | |
| General Obligation Bonds: | | | | | | | | |
| 2005 | 3.00% - 5.00% | Waterworks System Improvements | 2019 | \$960,000 | \$0 | (\$90,000) | \$870,000 | \$95,000 |
| 2004 | 2.50% - 5.12% | Capital Facilities Improvement | 2024 | 780,000 | 0 | (40,000) | 740,000 | 45,000 |
| Total General Obligation Bonds | | | | 1,740,000 | 0 | (130,000) | 1,610,000 | 140,000 |
| Mortgage Revenue Bonds: | | | | | | | | |
| 2008 | 3.50% - 4.50% | Water System Improvements | 2028 | 3,260,000 | 0 | (125,000) | 3,135,000 | 130,000 |
| 2010 | 4.60% | Water - Woodlawn Avenue Reconstruction | 2040 | 305,000 | 0 | (6,200) | 298,800 | 5,400 |
| 2010 | 4.60% | Water - West Washington Avenue Reconstruction | 2040 | 540,000 | 0 | (8,800) | 531,200 | 9,600 |
| 2010 | 4.60% | Sewer System Improvement | 2040 | 1,944,000 | 0 | (139,350) | 1,804,650 | 132,500 |
| 2010 | 4.60% | Sewer - Woodlawn Avenue Reconstruction | 2040 | 1,706,000 | 0 | (105,650) | 1,600,350 | 117,500 |
| 2010 | 7.50% | Sewer - West Washington Avenue Reconstruction | 2040 | 2,535,000 | 0 | (20,000) | 2,515,000 | 45,000 |
| Total Mortgage Revenue Bonds | | | | 10,290,000 | 0 | (405,000) | 9,885,000 | 440,000 |
| Special Assessment Bond: | | | | | | | | |
| (with Governmental Commitment) | | | | | | | | |
| 2000 | 5.00% | West Main, Wested and Vine and Palmer Ditch Improvements | 2020 | 75,046 | 0 | (5,600) | 69,446 | 6,400 |
| Long-Term Notes Payable: | | | | | | | | |
| 2011 | 8.50% | Water - Clairmont Ave./Haely I & I | | 0 | 204,000 | 0 | 204,000 | 204,000 |
| 2011 | 8.50% | Sewer - Clairmont Ave./Haely I & I | | 0 | 996,000 | 0 | 996,000 | 996,000 |
| Total Long-Term Notes Payable | | | | 0 | 1,200,000 | 0 | 1,200,000 | 1,200,000 |
| Ohio Sewer and Water Rotary Commission Deferred Loans: | | | | | | | | |
| 1998 | | OSWRC - Palmer Ditch Project | | 81,457 | 0 | (33,397) | 48,060 | 0 |
| 2005 | | OSWRC - North Pointe Water and Sewer Project | | 577,729 | 0 | (314,844) | 262,885 | 0 |
| Total OSWRC Loans | | | | 659,186 | 0 | (348,241) | 310,945 | 0 |
| Ohio Public Works Commission Loans (OPWC): | | | | | | | | |
| 2000 | | Railroad Street Sewer Separation | 2020 | 33,159 | 0 | (3,684) | 29,475 | 3,684 |
| 2008 | | Woodlawn Avenue Improvements | 2020 | 450,000 | 0 | (25,000) | 425,000 | 25,000 |
| Total Ohio Public Works Commission Loans | | | | 483,159 | 0 | (28,684) | 454,475 | 28,684 |
| Ohio Water Development Authority Loans (OWDA): | | | | | | | | |
| 1990 | 7.840% | OWDA - Project #1089 | 2013 | 695,709 | 0 | (334,773) | 360,936 | 360,935 |
| 1992 | 9.185% | OWDA - Malinta Waterline | 2016 | 182,014 | 0 | (27,833) | 154,181 | 29,996 |
| 2005 | 4.490% | OWDA - Sewer System Improvements | 2025 | 1,141,684 | 0 | (57,355) | 1,084,329 | 59,959 |
| 2005 | 4.490% | OWDA - NP Waterline Improvements | 2025 | 241,657 | 0 | (12,140) | 229,517 | 12,691 |
| Total Ohio Water Development Authority Loans | | | | 2,261,064 | 0 | (432,101) | 1,828,963 | 463,581 |
| Water Pollution Control Loan Fund Loans (WPCLF): | | | | | | | | |
| 2008 | | Southside I & I Reduction Study | 2013 | 96,185 | 0 | (38,186) | 57,999 | 38,570 |
| 2008 | | EQ Basin Storm Water Retention | 2031 | 7,556,950 | 0 | (363,363) | 7,193,587 | 399,852 |
| Total Water Pollution Control Loan Fund Loans | | | | 7,653,135 | 0 | (401,549) | 7,251,586 | 438,422 |
| Payable to Joint Venture | | | | 190,682 | 0 | (41,467) | 149,215 | 0 |
| Compensated Absences | | | | 293,306 | 276,614 | (293,306) | 276,614 | 119,894 |
| Total Business-Type Long-Term Debt | | | | \$23,645,578 | \$1,476,614 | (\$2,085,948) | \$23,036,244 | \$2,836,981 |

CITY OF NAPOLEON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

| Date Purchased | Interest Rate | Description | Maturity Date | Balance December 31, 2010 | Additions | (Reductions) | Balance December 31, 2011 | Amount Due Within One Year |
|---|---------------|--|---------------|---------------------------|-----------|--------------|---------------------------|----------------------------|
| Governmental Activities: | | | | | | | | |
| Special Assessment Bonds: | | | | | | | | |
| 1991 | 5.65-6.55% | Street Improvements | 2011 | \$10,000 | \$0 | (\$10,000) | \$0 | \$0 |
| 1992 | 5.70-6.10% | Street Improvements | 2012 | 40,000 | 0 | (20,000) | 20,000 | 20,000 |
| 1993 | 5.40% | Street Improvements | 2013 | 30,000 | 0 | (9,000) | 21,000 | 10,000 |
| 1996 | 5.90% | Street Improvements | 2016 | 80,000 | 0 | (10,000) | 70,000 | 10,000 |
| 1998 | 4.50-5.125% | Street Improvements | 2018 | 90,000 | 0 | (10,000) | 80,000 | 10,000 |
| 1998 | 4.50-5.125% | Street Improvements | 2018 | 40,000 | 0 | (5,000) | 35,000 | 5,000 |
| 2000 | 5.875% | West Main, Wested and Vine and Palmer Ditch Improvements | 2020 | 18,953 | 0 | (1,400) | 17,553 | 1,600 |
| Total Special Assessment Bonds (with Governmental Commitment) | | | | 308,953 | 0 | (65,400) | 243,553 | 56,600 |
| General Obligation Bonds: | | | | | | | | |
| 2005 | 3.00% - 5.00% | Northcrest Drive | 2025 | 310,000 | 0 | (15,000) | 295,000 | 15,000 |
| 2005 | 3.00% - 5.00% | SR 424 Resurfacing | 2025 | 245,000 | 0 | (10,000) | 235,000 | 15,000 |
| 2010 | 4.50% | Courthouse Renovations | 2025 | 760,000 | 0 | (40,000) | 720,000 | 40,000 |
| Total General Obligation Bonds | | | | 1,315,000 | 0 | (65,000) | 1,250,000 | 70,000 |
| Ohio Public Works Commission Loan: | | | | | | | | |
| 1998 | | Unimproved Street Program | 2017 | 86,455 | 0 | (12,351) | 74,104 | 12,351 |
| Compensated Absences | | | | 689,507 | 734,533 | (689,507) | 734,533 | 311,512 |
| Total Governmental Activities Long-Term Debt | | | | \$2,399,915 | \$734,533 | (\$832,258) | \$2,302,190 | \$450,463 |

The principal amount of the City's special assessment debt outstanding at December 31, 2011, \$312,999, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$550,427 in the Special Assessment Bond Retirement Fund at December 31, 2011 is restricted for the retirement of outstanding special assessment bonds. The Sewer Fund will be collecting special assessments to retire the enterprise funds' special assessment debt.

Water Pollution Control Loan Fund Loans - During 2008, the City entered into two loan agreements with the Water Pollution Control Loan Fund (WPCLF). These loans were related to sewer and storm water improvements. The loan balance decreased by \$401,549 during 2011 to a year end balance of \$7,251,586.

Ohio Water Development Authority Loans - The City entered into three loan agreements with Ohio Water Development Authority (OWDA). The first was on June 28, 1990 to finance the Southside Sewer Improvement (loan number 1772). The other two were on May 16, 2005 to finance the Sewer System Extension and Improvement (loan number 4334) and the Waterline Construction (loan number 4333) projects. The sources of payments for the obligations are to be derived from user charges and assessments on property owners.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT (Continued)

The City's portion of the debt payments on the 1992 issue of the Malinta Waterline OWDA loan is being paid by the City of Napoleon to the Village of Malinta. The Village in turn is responsible for making the full debt payment when it is due.

2004 General Obligation Bonds - During 2004, the City issued \$1,000,000 worth of Capital Facilities Improvement bonds for work done on the Wauseon Reservoir Raw Waterline Project. These bonds have a variable interest rate ranging from 2.5% in 2004 to 5.12% in 2024, the year of maturity for the bonds.

Refunding Bonds, Series 2005 - During 2005, the City refunded the 1994 Waterworks System Improvement General Obligation Bond. The refunded debt is considered defeased and accordingly, has been removed from the statement of net assets.

The refunding bonds were issued on July 28, 2005. The bonds consisted of \$980,000 in serial bonds and \$470,000 in term bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--------------------------|-----------------------------|--------------------------|
| 2012 | 95,000 | 3.50% |
| 2013 | 100,000 | 3.50% |
| 2014 | 100,000 | 3.75% |
| 2015 | 105,000 | 3.75% |

The term bonds maturing on December 1, 2017 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2016 (with the balance of the \$115,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2016 | \$110,000 |
| 2017 | 115,000 |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT (Continued)

The term bonds maturing on December 1, 2019 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2018 (with the balance of the \$125,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2018 | \$120,000 |
| 2019 | 125,000 |

This current refunding was undertaken to reduce total debt service payments over 14 years by \$145,017 and resulted in an economic gain of \$112,340.

The refunding bonds outstanding are general obligations of the City for which the full faith and credit of the City is pledged for repayment. The source of payment for the obligations is to be derived from user charges.

Various Purpose Improvement Bonds, Series 2005 - The general obligation bonds were issued on July 28, 2005 for the purpose of retiring bond anticipation notes issued for Northcrest Drive and Road Improvements. The bonds consist of \$285,000 in serial bonds and \$405,000 in term bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--------------------------|-----------------------------|--------------------------|
| 2012 | 30,000 | 3.50% |
| 2013 | 30,000 | 3.50% |
| 2014 | 30,000 | 3.75% |
| 2015 | 35,000 | 3.75% |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

The term bonds maturing on December 1, 2017 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2016 (with the balance of the \$35,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2016 | \$35,000 |
| 2017 | 35,000 |

The term bonds maturing on December 1, 2019 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1, 2018 (with the balance of the \$35,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2018 | \$35,000 |
| 2019 | 35,000 |

The term bonds maturing on December 1, 2025 have interest rates of 5 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements. The mandatory redemption is to occur on December 1 in the years 2020 through 2024 (with the balance of the \$50,000 to be paid at stated maturity on December 1, 2025) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

| <u>Year</u> | <u>Principal Amount to be Redeemed</u> |
|-------------|--|
| 2020 | \$35,000 |
| 2021 | 45,000 |
| 2022 | 45,000 |
| 2023 | 45,000 |
| 2024 | 45,000 |
| 2025 | 50,000 |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT (Continued)

The bonds outstanding are general obligations of the City for which the full faith and credit of the City is pledged for repayment. The source of payment for the obligations will be derived from a tax levied on property.

2008 Mortgage Revenue Bonds - During 2008, the City issued \$3,505,000 worth of Water System Improvement bonds for work done on the City's water tower and improvements to various water lines. These bonds have a variable interest rate ranging from 3.5% in 2008 to 4.5% in 2028, the year of maturity for the bonds. These bonds will be retired from the City's Water Fund through user charges.

2010 Mortgage Revenue Bonds - During 2010, the City issued \$7,230,000 worth of Sewer and Water Mortgage Revenue bonds for work done on the City's sewer lines and reconstruction projects for Woodlawn Avenue and West Washington Avenue. These bonds have interest rates ranging from 4.6% to 7.5%. A portion of the proceeds was used to pay off the principal balances of existing mortgage revenue bonds and notes that had previously been issued for work done on these projects and other improvements made to the City's Water, Sewer and Electric infrastructure. These bonds are scheduled to mature in 2040 and will be retired from the City's Water and Sewer Funds through user charges.

Ohio Public Works Commission Loans - The City entered into three loan agreements with Ohio Public Works Commission (OPWC). The first was on July 1, 1998, in the amount of \$247,015, to finance the Hobson/Reynolds Street Improvements. The second was on July 1, 2000, in the amount of \$73,686, to finance the Railroad Street Sewer Separation Project and the third was on January 16, 2008, in the amount of \$500,000, to finance the Woodlawn Avenue Improvement Project. All of the OPWC loans carry a 0% interest rate.

2010 General Obligation Bond - During 2010, the City issued a \$760,000 General Obligation Bond for work done on the City's courthouse. This bond had an interest rate of 4.5% and is scheduled to mature in 2025.

2011 Bond Anticipation Notes - During 2011, the City issued \$1,200,000 worth of Sewer and Water bond anticipation notes for work done on the City's water lines and sewer lines on Clairmont Avenue. These notes have an interest rate of 8.5%. These notes will be retired from the City's Water and Sewer Funds through user charges.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT (Continued)

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2011 follows:

| Years | General Obligation Bonds | | Mortgage Revenue Bonds | | Special Assessment Bonds | |
|-----------|-----------------------------|------------------|---------------------------|--------------------|-----------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$210,000 | \$122,160 | \$440,000 | \$464,684 | \$63,000 | \$17,422 |
| 2013 | 220,000 | 115,620 | 455,000 | 451,972 | 49,000 | 13,843 |
| 2014 | 220,000 | 108,256 | 465,000 | 438,584 | 39,000 | 11,135 |
| 2015 | 235,000 | 100,606 | 480,000 | 424,334 | 39,000 | 8,964 |
| 2016 | 240,000 | 92,106 | 490,000 | 408,696 | 40,000 | 6,793 |
| 2017-2021 | 1,100,000 | 297,468 | 1,965,000 | 1,772,266 | 82,999 | 9,467 |
| 2022-2026 | 635,000 | 70,138 | 1,785,000 | 1,373,856 | 0 | 0 |
| 2027-2031 | 0 | 0 | 1,400,000 | 927,456 | 0 | 0 |
| 2032-2036 | 0 | 0 | 1,195,000 | 592,000 | 0 | 0 |
| 2037-2040 | 0 | 0 | 1,210,000 | 189,230 | 0 | 0 |
| Totals | <u>\$2,860,000</u> | <u>\$906,354</u> | <u>\$9,885,000</u> | <u>\$7,043,078</u> | <u>\$312,999</u> | <u>\$67,624</u> |

| Years | OWDA Loans | | OPWC Loans | | WPCLF Loans | |
|-----------|--------------------|------------------|------------------|------------|--------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$463,581 | \$98,548 | \$41,035 | \$0 | \$438,422 | \$76,064 |
| 2013 | 108,276 | 64,535 | 41,035 | 0 | 390,115 | 71,897 |
| 2014 | 114,235 | 58,576 | 41,035 | 0 | 374,401 | 68,084 |
| 2015 | 140,021 | 53,776 | 41,035 | 0 | 378,154 | 64,331 |
| 2016 | 86,771 | 44,065 | 41,035 | 0 | 381,946 | 60,540 |
| 2017-2021 | 496,653 | 157,526 | 148,394 | 0 | 1,967,937 | 244,491 |
| 2022-2026 | 419,426 | 38,500 | 125,010 | 0 | 2,068,578 | 143,851 |
| 2027-2030 | 0 | 0 | 50,000 | 0 | 1,252,033 | 39,070 |
| Totals | <u>\$1,828,963</u> | <u>\$515,526</u> | <u>\$528,579</u> | <u>\$0</u> | <u>\$7,251,586</u> | <u>\$768,328</u> |

B. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The City has received advances to meet the portion of costs of sewer and water improvements to be financed by assessments which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The City is responsible for collecting the assessments for which the deferrals were made when the property no longer meets the exemption criteria.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters, and injuries to employees. To manage this risk the City participates in various jointly funded pools, both risk sharing and group rated, to provide separate and distinct coverage for the risk involved. These pools are: Buckeye Ohio Risk Management Association - Property and Casualty, Inc., for Property and Casualty Coverage (aka - BORMA Property and Casualty, or BORMA P & C); Buckeye Ohio Risk Management Agency-Health Benefits, Inc., for Health and Group Life Insurance Coverage (aka – BORMA Health Benefits, or BORMA H & L); and Ohio Rural Water Association-Group Rated Pool for Workers Compensation (aka – ORWA Workers Compensation Pool). There have been no significant reductions in insurance coverage's from coverage's in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage's in any of the past three fiscal years.

A. BORMA Property and Casualty Pool

The BORMA Property and Casualty Pool provides boiler and machinery, automobile liability, automobile physical damage, general liability, crime and property, and public officials insurance coverage up to specific limits. The pool includes the following Ohio Cities as members: Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2011, the pool has cash reserves of \$723,835, which in the opinion of management is adequate for any claims currently pending against the pool. During 2011, the City paid \$117,826 into the pool for total premiums for the property and casualty coverage received.

For the period 12/01/2010 through 11/30/2011, the amount of risk retained within the pool is \$150,000 per occurrence for property, \$25,000 per occurrence for crime, and \$150,000 per occurrence for general liability and automobile liability. The City's individual liability is \$1,000 per occurrence for property and crime losses. Coverage is provided by various insurance carriers with total property limits of \$92,031,000, primary general liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

For the period 12/01/2011 through 11/30/2012, the amount of risk retained within the pool is \$50,000 per occurrence for property, \$25,000 per occurrence for crime, and \$50,000 per occurrence for general liability and automobile liability. The City's individual liability is \$1,000 per occurrence for property and crime losses. Coverage is provided by various insurance carriers with total property limits of \$92,014,000, primary general liability limit of \$2,000,000 per occurrence, primary Automobile Liability limit of \$2,000,000 per occurrence and excess liability limits of \$8,000,000 per occurrence and aggregate. These limits are inclusive of the above noted retentions.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 15 - RISK MANAGEMENT (Continued)

A. BORMA Property and Casualty Pool (Continued)

The BORMA Property and Casualty Pool previously joined with other public cost sharing pools to form a new pool called the Public Entity Risk Corporation (PERC). This pool provides self-insured retentions for each of the member pools as follows: Property up to \$250,000 per occurrence, Liability up to \$500,000 per occurrence and Stop Loss for period 12/01/2010 through 11/30/2011 up to \$1,650,000 maximum per year; and Stop Loss for period 12/01/2011 through 11/30/2012 up to \$1,700,000 maximum per year.

B. BORMA Health Benefits Pool

The BORMA Health Benefits Pool is for employee benefits and includes Life Insurance, Accidental Death and Dismemberment Insurance, Health Insurance and Prescription Drug Insurance. Each pool member has its own respective plan and coverage it has elected to provide for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. In 2011, the pool included the following Ohio Cities and Villages as members: Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Napoleon, Oberlin, Oregon, Sandusky, Upper Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2011, the pool had total reported assets of \$4,848,343.

Each pool member provides to its own employees all-available options listed in its own developed plan as covered by the pool. The 2011 premiums paid by the City of Napoleon into the employee benefits pool were a monthly cost of \$1,008.70 for family coverage and \$355.04 for single coverage. The life insurance monthly premium was \$5.10 for \$20,000 in coverage, and \$7.65 for \$30,000 in coverage. Coverage levels were determined by bargaining agreements or personnel code. During 2011, the City paid \$1,016,503 into the pool for health benefits coverage, and \$6,183 into the pool for life insurance coverage. The cost of coverage for premiums is paid out of each respective fund and department that pays the salary of the individuals covered under the plan. The amount of risk retained by the pool was \$150,000 per individual for 2011 with excess coverage provided by Sun Life Financial.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 15 - RISK MANAGEMENT (Continued)

B. BORMA Health Benefits Pool (Continued)

For both the BORMA Property and Casualty, and the BORMA Health Benefits Pool's; individual members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of the pool other than residual claims upon dissolution. Both pools are a multi-jurisdictional arrangement that have characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint ventures as defined in GASB Statement No. 14.

Both pools have the ability to require the member Cities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the pool reserves and premium levels, therefore, no additional amounts have been reserved in the financial statements. Audited financial statements are maintained separately by each pool.

C. ORWA Workers Compensation Pool and Unemployment Benefits

The City participates in the State of Ohio's Bureau of Workers Compensation Group Rating Program as a member of the ORWA Workers Compensation Group Rated Pool. The ORWA pool is one of many organized group rated pools, authorized by the State of Ohio, providing lowered Workers Compensation Insurance Premiums to groups of like entities. Benefits received by injured workers are established and controlled by the State of Ohio Bureau of Workers Compensation. The City pays the State Workers Compensation a premium based upon a rate per \$100 of payroll paid in the prior year, plus administrative costs. The annual rate is a computed factor (%) using the past five (5) years of loss history for both the City and the other members of the group in the ORWA pool. During 2011, the City paid \$124,980 into the pool for total Workers Compensation premiums.

D. State Unemployment Benefits

The City pays Unemployment Benefits Claims as they occur directly to the Ohio Department of Job and Family Services of the State of Ohio. Political Subdivisions in Ohio are not required to pay the unemployment tax. During 2011, the City paid \$6,114 to the Ohio Department of Job and Family Services for unemployment benefit claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)

The City of Napoleon is a Non-Financing Participant and an Owner Participant with an ownership percentage of .20% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$57,491 at December 31, 2011. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2011 are:

| Municipality | Percent Ownership | Kw Entitlement | Municipality | Percent Ownership | Kw Entitlement |
|---------------------|--------------------------|-----------------------|---------------------|--------------------------|-----------------------|
| Hamilton | 23.87% | 32,000 | Grafton | 0.79% | 1,056 |
| Bowling Green | 14.32% | 19,198 | Brewster | 0.75% | 1,000 |
| Niles | 11.49% | 15,400 | Monroeville | 0.57% | 764 |
| Cuyahoga Falls | 7.46% | 10,000 | Milan | 0.55% | 737 |
| Wadsworth | 5.81% | 7,784 | Oak Harbor | 0.55% | 737 |
| Painesville | 5.22% | 7,000 | Elmore | 0.27% | 364 |
| Dover | 5.22% | 7,000 | Jackson Center | 0.22% | 300 |
| Galion | 4.29% | 5,753 | Napoleon | 0.20% | 264 |
| Amherst | 3.73% | 5,000 | Lodi | 0.16% | 218 |
| St. Mary's | 2.98% | 4,000 | Genoa | 0.15% | 199 |
| Montpelier | 2.98% | 4,000 | Pemberville | 0.15% | 197 |
| Shelby | 1.89% | 2,536 | Lucas | 0.12% | 161 |
| Versailles | 1.24% | 1,660 | South Vienna | 0.09% | 123 |
| Edgerton | 1.09% | 1,460 | Bradner | 0.09% | 119 |
| Yellow Springs | 1.05% | 1,408 | Woodville | 0.06% | 81 |
| Oberlin | 0.91% | 1,217 | Haskins | 0.05% | 73 |
| Pioneer | 0.86% | 1,158 | Arcanum | 0.03% | 44 |
| Seville | 0.79% | 1,066 | Custar | 0.00% | 4 |
| | <u>95.20%</u> | <u>127,640</u> | | <u>4.80%</u> | <u>6,441</u> |
| | | | Grand Total | <u>100.00%</u> | <u>134,081</u> |

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5)

Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA-JV5-Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2011 Napoleon has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) (Continued)

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$780,652 at December 31, 2011. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)

The City of Napoleon is a Financing Participant with an ownership percentage of 4.17%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2011 Napoleon has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. The City's net obligation for these bonds at December 31, 2011 was \$149,215 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected).

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$358,309 at December 31, 2011. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

The ten participating subdivisions and their respective ownership shares at December 31, 2011 are:

| Participant | KW Amount | % of Financing |
|--------------------|----------------------|---------------------------|
| Bowling Green | 4,100 | 56.94% |
| Cuyahoga Falls | 1,800 | 25.00% |
| Napoleon | 300 | 4.17% |
| Oberlin | 250 | 3.47% |
| Wadsworth | 250 | 3.47% |
| Edgeton | 100 | 1.39% |
| Elmore | 100 | 1.39% |
| Montpelier | 100 | 1.39% |
| Pioneer | 100 | 1.39% |
| Monroeville | 100 | 1.39% |
| Total | 7,200 | 100.00% |

The City's liability for the bonds are disclosed below:

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> | <u>Service</u> |
|-------------------------------|------------------|-----------------|----------------|
| 2012 | \$ 37,534 | \$ 4,766 | \$ 42,300 |
| 2013 | 37,445 | 4,855 | 42,300 |
| 2014 | 38,958 | 3,342 | 42,300 |
| 2015 | 40,533 | 1,768 | 42,301 |
| 2016 | 13,699 | 274 | 13,973 |
| Total Gross Liability | 168,169 | 15,005 | 183,174 |
| Less: Amounts Held in Reserve | (18,954) | | |
| Net Obligation | \$ 149,215 | | |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Community Improvement Corporation (CIC)

The City, along with Henry County is a participant in the joint venture to operate the Community Improvement Corporation (CIC). The corporation's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Napoleon and Henry County. The CIC is governed by a Board of 10 Trustees. Five of these trustees are residents of the City of Napoleon and the remaining five are residents of Henry County. The City's degree of control over the Board is limited to its representation on the Board. The City has no equity interest in the CIC. The City paid \$342,025 to the CIC during 2011. Financial information can be obtained from the CIC, 104 East Washington Street, Napoleon, Ohio 43545.

E. Maumee Valley Planning Organization (MVPO)

The City is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of the MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants (CDBG) and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member County as well as one township representative and one municipal representative for each of the five member counties. The main source of revenue is fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2011, the City paid administrative fees of \$55,146 to MVPO.

NOTE 17 - CONDUIT DEBT OBLIGATIONS

The City issued mortgage revenue bonds to provide financial assistance to The Lutheran Orphans' and Old Folks' Home Society at Napoleon, Ohio, Inc. The City had no obligation for the debt beyond the resources provided by the mortgage revenue bonds. Neither the City, the State, nor any political subdivision thereof was obligated in any manner for repayment of the bonds. Accordingly, the bonds were not reported as liabilities in the accompanying financial statements. The principal amount of these bonds was paid off during February 2011.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 18 - CONTINGENCIES

American Municipal Power Generating Station Project (AMPGS)

On November 1, 2007, the City executed a take-or pay contract with American Municipal Power (AMP) as member participant in the American Municipal Power Generating Station Project (AMPGS) with an original share allocation of 12,000 kW, or about 1.56%. The City later agreed to an additional allocation of 10,000 kW for a total allocation of 22,000 kW. The project was to be a 940 MW base load coal fired plant with clean-coal technology and the plant was scheduled to go on-line in 2014. The estimated cost of the project was \$3 billion. However, the project's estimated capital costs increased by 37% and the engineer, procure and construction contractor could not guarantee that the costs would not continue to escalate. Therefore, the project as a coal fired plant was terminated on November 24, 2009 by its member participants and they directed AMP to study alternate uses for the site.

As of December 31, 2011 the total stranded costs for the project amounts to \$126,147,042. As a member participant, the City is contractually obligated to pay a pro rata share of any costs incurred for the project, based on its membership percentage. AMP has provided the City with an exposure of \$0 to \$1,962,663 as its share of potential stranded cost obligations. In addition, because the City is a participant in the AMP Fremont Energy Center Project (AFEC) it has received a \$696,229 *credit* that may be used to reduce its share of AMPGS potential stranded costs.

Furthermore, recoveries are available that would reduce the liability of the members. One such recovery is any dollar amount recovered through the pending lawsuit AMP has brought against the engineer, procure and construction contractor. Second, there are significant assets of land and permits associated with the AMPGS site which AMP is holding for future use. When those assets are sold or otherwise utilized, the resulting amounts would be used to reduce any remaining obligations of the participants, pro rata share. The current value of these assets has not been ascertained.

It is the opinion of management and their legal counsel that the above amount is a contingent liability with an estimated maximum exposure, not an estimate of what management believes to be a reasonable estimate of a final amount. In addition, AMP and the City are unable to estimate the ultimate liability due to the current factors and a pending law suit. Therefore, the City has not booked a liability or expense as of December 31, 2011. Booking an operating expense of \$1,962,663 in 2011 would have caused the City to violate its debt covenants on the Joint Venture Projects (2/5/6).

If future events require the City to pay these stranded costs, then they will be paid from an adder to the purchased power costs paid by customers, or with accumulated earnings expensed in a manner that would not cause the City to violate its debt covenants and without adjusting rates to its customers.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND
FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Improvement Fund

To account for the portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designate for street construction, maintenance and repair.

EMS Transport Service Fund

To account for service charges to clients for emergency medical services.

Recreation Fund

To account for the operation and maintenance of public recreational facilities.

Special Events Fund

To account for revenues received from various sources to be used for special events sponsored by the City. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Economic Development Fund

To account for federal and state grants which are designated for community and environmental improvements. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Downtown Revitalization Grant Fund

To account for financial resources used for economic development activity to fund new development in the downtown district.

(Continued)

Special Revenue Funds

Hotel/Motel Tax Fund

To account for the collection of Hotel/Motel Excise Tax, otherwise known as Lodge Tax.

Fire Loss Claims Fund

To account for insurance proceeds held as security against the cost to provide for removing, repairing and securing losses caused by fire.

Community Housing Improvement Program (CHIP) Income Fund

To account for Community Housing Improvement Program grant monies to be used for home improvements. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Community Development Block Grant (CDBG) Income Fund

To account for Community Development Block Grant monies to be used for home improvements.

Indigent Drivers Alcohol Treatment Fund

To account for the revenues from fines as established by the state to pay for alcohol related training programs for indigent persons.

Law Enforcement and Education Fund

To account for the financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

Court Computerization Fund

To account for the acquisition, improvement, replacement and repair of capital assets of the Napoleon Municipal Court.

Law Enforcement Trust Fund

To account for funds received by the police department for contraband, per state statute.

Mandatory Drug Fine Fund

To account for mandatory fines collected for drug related offenses.

Fire Equipment Fund

To account for monies received from fire contracts to be used for the purchase of fire fighting apparatus.

(Continued)

Special Revenue Funds

Municipal Probation Service Fund

To account for monies received from fines levied and expenditures by Probation Officer.

Probation Officer Grant Fund

To account for monies received from State Grant for Municipal Probation Officer.

Court Improvement Fund

To account for monies received from fines levied and expenditures for Court Improvements.

Handicap Parking Fines Fund

To account for monies received from Municipal Court for handicap parking violations.

Police Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

Fire Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

Cemetery Fund

To account for monies received by specific agreement, gifts, bequests or otherwise to provide for perpetual care of individual plots within the City cemetery.

Law Enforcement OT Grant Fund

To account for grant monies and local share monies for police department overtime and mandatory continuing professional training.

Certified Police Training Fund

To account for financial resources used for Police continuing professional training.

Indigent Drivers Interlock/Alcohol Fund

To account for revenues from fines as established by the State to pay for alcohol monitoring programs for indigent people.

Debt Service Fund

Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

General Bond Retirement Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Capital Improvement Project (CIP) Funding Reserve Fund

To account for the capital improvement reserve established by City Council to pre-fund large purchases.

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Project Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-------------------------------|-------------------------------------|--|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,704,503 | \$ 9,528 | \$ 86,250 | \$ 1,800,281 |
| Receivables: | | | | |
| Taxes | 137,365 | 0 | 0 | 137,365 |
| Accounts | 418,855 | 0 | 0 | 418,855 |
| Intergovernmental | 262,049 | 0 | 0 | 262,049 |
| Interest | 2,212 | 0 | 0 | 2,212 |
| Inventory of Supplies, at Cost | 120,535 | 0 | 0 | 120,535 |
| Total Assets | <u>\$ 2,645,519</u> | <u>\$ 9,528</u> | <u>\$ 86,250</u> | <u>\$ 2,741,297</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 42,976 | \$ 0 | \$ 0 | \$ 42,976 |
| Accrued Wages and Benefits Payable | 117,661 | 0 | 0 | 117,661 |
| Deferred Revenue | 658,928 | 0 | 0 | 658,928 |
| Total Liabilities | <u>819,565</u> | <u>0</u> | <u>0</u> | <u>819,565</u> |
| Fund Balances: | | | | |
| Nonspendable | 120,535 | 0 | 0 | 120,535 |
| Restricted | 1,554,885 | 0 | 0 | 1,554,885 |
| Committed | 232,508 | 0 | 86,250 | 318,758 |
| Assigned | 0 | 9,528 | 0 | 9,528 |
| Unassigned | (81,974) | 0 | 0 | (81,974) |
| Total Fund Balances | <u>1,825,954</u> | <u>9,528</u> | <u>86,250</u> | <u>1,921,732</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,645,519</u> | <u>\$ 9,528</u> | <u>\$ 86,250</u> | <u>\$ 2,741,297</u> |

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Project Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-------------------------------|-------------------------------------|--|
| Revenues: | | | | |
| Property Taxes | \$ 120,908 | \$ 0 | \$ 0 | \$ 120,908 |
| Intergovernmental Revenues | 1,647,866 | 0 | 0 | 1,647,866 |
| Charges for Services | 518,649 | 0 | 0 | 518,649 |
| Investment Earnings | 18,349 | 0 | 0 | 18,349 |
| Fines and Forfeitures | 115,206 | 0 | 0 | 115,206 |
| All Other Revenue | 52,134 | 0 | 0 | 52,134 |
| Total Revenue | 2,473,112 | 0 | 0 | 2,473,112 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 789,014 | 0 | 0 | 789,014 |
| Leisure Time Activities | 799,615 | 0 | 0 | 799,615 |
| Community Environment | 806,988 | 0 | 0 | 806,988 |
| Transportation | 596,226 | 0 | 0 | 596,226 |
| General Government | 51,074 | 0 | 0 | 51,074 |
| Debt Service: | | | | |
| Principal Retirement | 40,000 | 25,000 | 0 | 65,000 |
| Interest and Fiscal Charges | 34,438 | 25,662 | 0 | 60,100 |
| Total Expenditures | 3,117,355 | 50,662 | 0 | 3,168,017 |
| Excess (Deficiency) of Revenues Over Expenditures | (644,243) | (50,662) | 0 | (694,905) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 612,815 | 50,670 | 0 | 663,485 |
| Transfers Out | (78,478) | 0 | 0 | (78,478) |
| Total Other Financing Sources (Uses) | 534,337 | 50,670 | 0 | 585,007 |
| Net Change In Fund Balance | (109,906) | 8 | 0 | (109,898) |
| Fund Balances at Beginning of Year, as Restated | 1,934,831 | 9,520 | 86,250 | 2,030,601 |
| Increase in Inventory Reserve | 1,029 | 0 | 0 | 1,029 |
| Fund Balances End of Year | \$ 1,825,954 | \$ 9,528 | \$ 86,250 | \$ 1,921,732 |

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | Street Construction, Maintenance and Repair | State Highway Improvement | Motor Vehicle License Tax | EMS Transport Service |
|--|--|------------------------------|------------------------------|--------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 111,768 | \$ 21,946 | \$ 500,168 | \$ 120,727 |
| Receivables: | | | | |
| Taxes | 0 | 0 | 0 | 0 |
| Accounts | 6,650 | 0 | 0 | 396,941 |
| Intergovernmental | 182,346 | 14,790 | 30,045 | 0 |
| Interest | 201 | 40 | 906 | 0 |
| Inventory of Supplies, at Cost | 111,044 | 0 | 0 | 0 |
| Total Assets | <u>\$ 412,009</u> | <u>\$ 36,776</u> | <u>\$ 531,119</u> | <u>\$ 517,668</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 3,813 | \$ 0 | \$ 0 | \$ 21,714 |
| Accrued Wages and Benefits Payable | 15,249 | 0 | 0 | 0 |
| Deferred Revenue | 121,684 | 9,884 | 20,571 | 346,241 |
| Total Liabilities | <u>140,746</u> | <u>9,884</u> | <u>20,571</u> | <u>367,955</u> |
| Fund Balances: | | | | |
| Nonspendable | 111,044 | 0 | 0 | 0 |
| Restricted | 160,219 | 26,892 | 510,548 | 0 |
| Committed | 0 | 0 | 0 | 149,713 |
| Unassigned | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>271,263</u> | <u>26,892</u> | <u>510,548</u> | <u>149,713</u> |
| Total Liabilities and Fund Balances | <u>\$ 412,009</u> | <u>\$ 36,776</u> | <u>\$ 531,119</u> | <u>\$ 517,668</u> |

CITY OF NAPOLEON, OHIO

| Recreation | Downtown Revitalization Grant | Hotel/Motel Tax | Fire Loss Claims | CDBG Income | Indigent Drivers Alcohol Treatment |
|-------------------|-------------------------------|-----------------|------------------|------------------|------------------------------------|
| \$ 107,784 | \$ 2,844 | \$ 0 | \$ 13,860 | \$ 32,272 | \$ 42,334 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 874 | 0 | 4,339 | 0 | 0 | 695 |
| 0 | 2,844 | 0 | 0 | 0 | 0 |
| 194 | 0 | 0 | 0 | 0 | 75 |
| 9,491 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 118,343</u> | <u>\$ 5,688</u> | <u>\$ 4,339</u> | <u>\$ 13,860</u> | <u>\$ 32,272</u> | <u>\$ 43,104</u> |
| \$ 7,380 | \$ 2,844 | \$ 2,956 | \$ 0 | \$ 1,727 | \$ 0 |
| 18,561 | 0 | 0 | 0 | 0 | 0 |
| 116 | 2,844 | 0 | 0 | 0 | 45 |
| <u>26,057</u> | <u>5,688</u> | <u>2,956</u> | <u>0</u> | <u>1,727</u> | <u>45</u> |
| 9,491 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1,383 | 13,860 | 30,545 | 43,059 |
| 82,795 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>92,286</u> | <u>0</u> | <u>1,383</u> | <u>13,860</u> | <u>30,545</u> | <u>43,059</u> |
| <u>\$ 118,343</u> | <u>\$ 5,688</u> | <u>\$ 4,339</u> | <u>\$ 13,860</u> | <u>\$ 32,272</u> | <u>\$ 43,104</u> |

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | Law Enforcement and Education | Court Computerization | Law Enforcement Trust | Mandatory Drug Fine |
|--|-------------------------------------|--------------------------|-----------------------------|------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 5,219 | \$ 34,165 | \$ 1,678 | \$ 16,336 |
| Receivables: | | | | |
| Taxes | 0 | 0 | 0 | 0 |
| Accounts | 129 | 1,701 | 0 | 363 |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Interest | 10 | 62 | 3 | 28 |
| Inventory of Supplies, at Cost | 0 | 0 | 0 | 0 |
| Total Assets | <u>\$ 5,358</u> | <u>\$ 35,928</u> | <u>\$ 1,681</u> | <u>\$ 16,727</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 282 | \$ 2,260 | \$ 0 | \$ 0 |
| Accrued Wages and Benefits Payable | 0 | 0 | 0 | 0 |
| Deferred Revenue | 6 | 37 | 2 | 17 |
| Total Liabilities | <u>288</u> | <u>2,297</u> | <u>2</u> | <u>17</u> |
| Fund Balances: | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 5,070 | 33,631 | 1,679 | 16,710 |
| Committed | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>5,070</u> | <u>33,631</u> | <u>1,679</u> | <u>16,710</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,358</u> | <u>\$ 35,928</u> | <u>\$ 1,681</u> | <u>\$ 16,727</u> |

CITY OF NAPOLEON, OHIO

| <u>Fire Equipment</u> | <u>Municipal Probation Service</u> | <u>Probation Officer Grant</u> | <u>Court Improvement</u> | <u>Handicap Parking Fines</u> | <u>Police Pension</u> |
|-----------------------|--|------------------------------------|------------------------------|-----------------------------------|-----------------------|
| \$ 374,552 | \$ 8,582 | \$ 4,083 | \$ 201,190 | \$ 1,100 | \$ 0 |
| 0 | 0 | 0 | 0 | 0 | 91,577 |
| 0 | 830 | 0 | 5,995 | 0 | 0 |
| 0 | 0 | 24,644 | 0 | 0 | 4,919 |
| 678 | 15 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 375,230</u> | <u>\$ 9,427</u> | <u>\$ 28,727</u> | <u>\$ 207,185</u> | <u>\$ 1,100</u> | <u>\$ 96,496</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 0 | 1,877 | 0 | 0 | 49,504 |
| 405 | 9 | 12,322 | 0 | 0 | 96,496 |
| <u>405</u> | <u>9</u> | <u>14,199</u> | <u>0</u> | <u>0</u> | <u>146,000</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 374,825 | 9,418 | 14,528 | 207,185 | 1,100 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | (49,504) |
| <u>374,825</u> | <u>9,418</u> | <u>14,528</u> | <u>207,185</u> | <u>1,100</u> | <u>(49,504)</u> |
| <u>\$ 375,230</u> | <u>\$ 9,427</u> | <u>\$ 28,727</u> | <u>\$ 207,185</u> | <u>\$ 1,100</u> | <u>\$ 96,496</u> |

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | Fire Pension | Cemetery | Law Enforcement OT Grant | Certified Police Training |
|--|------------------|------------------|--------------------------------|------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 68,776 | \$ 15,671 | \$ 3,280 |
| Receivables: | | | | |
| Taxes | 45,788 | 0 | 0 | 0 |
| Accounts | 0 | 0 | 0 | 0 |
| Intergovernmental | 2,461 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Inventory of Supplies, at Cost | 0 | 0 | 0 | 0 |
| Total Assets | <u>\$ 48,249</u> | <u>\$ 68,776</u> | <u>\$ 15,671</u> | <u>\$ 3,280</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Accrued Wages and Benefits Payable | 32,470 | 0 | 0 | 0 |
| Deferred Revenue | 48,249 | 0 | 0 | 0 |
| Total Liabilities | <u>80,719</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances: | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 0 | 68,776 | 15,671 | 3,280 |
| Committed | 0 | 0 | 0 | 0 |
| Unassigned | (32,470) | 0 | 0 | 0 |
| Total Fund Balances | <u>(32,470)</u> | <u>68,776</u> | <u>15,671</u> | <u>3,280</u> |
| Total Liabilities and Fund Balances | <u>\$ 48,249</u> | <u>\$ 68,776</u> | <u>\$ 15,671</u> | <u>\$ 3,280</u> |

CITY OF NAPOLEON, OHIO

| <u>Indigent Drivers Interlock/ Alcohol</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|--|---|
| \$ 16,168 | \$ 1,704,503 |
| 0 | 137,365 |
| 338 | 418,855 |
| 0 | 262,049 |
| 0 | 2,212 |
| 0 | 120,535 |
| <u>\$ 16,506</u> | <u>\$ 2,645,519</u> |
| | |
| \$ 0 | \$ 42,976 |
| 0 | 117,661 |
| 0 | 658,928 |
| <u>0</u> | <u>819,565</u> |
| | |
| 0 | 120,535 |
| 16,506 | 1,554,885 |
| 0 | 232,508 |
| 0 | (81,974) |
| <u>16,506</u> | <u>1,825,954</u> |
| <u>\$ 16,506</u> | <u>\$ 2,645,519</u> |

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Street Construction, Maintenance and Repair | State Highway Improvement | Motor Vehicle License Tax | EMS Transport Service |
|--|--|------------------------------|------------------------------|--------------------------|
| Revenues: | | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 400,600 | 32,483 | 109,371 | 4,230 |
| Charges for Services | 6,731 | 0 | 0 | 321,975 |
| Investment Earnings | 2,123 | 471 | 6,792 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 4,077 | 0 | 0 | 0 |
| Total Revenue | <u>413,531</u> | <u>32,954</u> | <u>116,163</u> | <u>326,205</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 284,184 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 |
| Transportation | 491,145 | 39,990 | 65,091 | 0 |
| General Government | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest & Fiscal Charges | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>491,145</u> | <u>39,990</u> | <u>65,091</u> | <u>284,184</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (77,614) | (7,036) | 51,072 | 42,021 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | (12,360) | (26,000) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(12,360)</u> | <u>(26,000)</u> |
| Net Change In Fund Balance | (77,614) | (7,036) | 38,712 | 16,021 |
| Fund Balances (Deficit) | | | | |
| at Beginning of Year, as Restated | 346,825 | 33,928 | 471,836 | 133,692 |
| Increase (Decrease) in Inventory Reserve | 2,052 | 0 | 0 | 0 |
| Fund Balances (Deficit) End of Year | <u>\$ 271,263</u> | <u>\$ 26,892</u> | <u>\$ 510,548</u> | <u>\$ 149,713</u> |

CITY OF NAPOLEON, OHIO

| Recreation | Downtown Revitalization Grant | Hotel/Motel Tax | Fire Loss Claims | CHIP Income | CDBG Income |
|------------------|-------------------------------|-----------------|------------------|----------------|------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 370,648 | 78,612 | 0 | 394,566 | 3,742 |
| 166,975 | 0 | 0 | 0 | 0 | 0 |
| 2,474 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 39,957 | 0 | 0 | 8,000 | 0 | 0 |
| <u>209,406</u> | <u>370,648</u> | <u>78,612</u> | <u>8,000</u> | <u>394,566</u> | <u>3,742</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 799,615 | 0 | 0 | 0 | 0 | 0 |
| 0 | 374,164 | 0 | 0 | 388,066 | 39,154 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 43,074 | 8,000 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>799,615</u> | <u>374,164</u> | <u>43,074</u> | <u>8,000</u> | <u>388,066</u> | <u>39,154</u> |
| (590,209) | (3,516) | 35,538 | 0 | 6,500 | (35,412) |
| 540,815 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | (40,118) | 0 | 0 | 0 |
| <u>540,815</u> | <u>0</u> | <u>(40,118)</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (49,394) | (3,516) | (4,580) | 0 | 6,500 | (35,412) |
| 142,703 | 3,516 | 5,963 | 13,860 | (6,500) | 65,957 |
| (1,023) | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 92,286</u> | <u>\$ 0</u> | <u>\$ 1,383</u> | <u>\$ 13,860</u> | <u>\$ 0</u> | <u>\$ 30,545</u> |

(Continued)

CITY OF NAPOLEON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Indigent Drivers Alcohol Treatment | Law Enforcement and Education | Court Computerization | Law Enforcement Trust |
|--|--|-------------------------------------|--------------------------|-----------------------------|
| Revenues: | | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 |
| Investment Earnings | 563 | 84 | 444 | 29 |
| Fines and Forfeitures | 8,537 | 1,157 | 19,256 | 0 |
| All Other Revenue | 0 | 0 | 0 | 100 |
| Total Revenue | <u>9,100</u> | <u>1,241</u> | <u>19,700</u> | <u>129</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 3,088 | 1,230 | 14,159 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest & Fiscal Charges | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>3,088</u> | <u>1,230</u> | <u>14,159</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 6,012 | 11 | 5,541 | 129 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change In Fund Balance | 6,012 | 11 | 5,541 | 129 |
| Fund Balances (Deficit) | | | | |
| at Beginning of Year, as Restated | 37,047 | 5,059 | 28,090 | 1,550 |
| Increase (Decrease) in Inventory Reserve | 0 | 0 | 0 | 0 |
| Fund Balances (Deficit) End of Year | <u>\$ 43,059</u> | <u>\$ 5,070</u> | <u>\$ 33,631</u> | <u>\$ 1,679</u> |

CITY OF NAPOLEON, OHIO

| Mandatory Drug Fine | Fire Equipment | Municipal Probation Service | Probation Officer Grant | Court Improvement | Handicap Parking Fines |
|------------------------|-------------------|-----------------------------------|----------------------------|----------------------|---------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 178,125 | 0 | 49,289 | 0 | 0 |
| 0 | 18,000 | 0 | 0 | 0 | 0 |
| 228 | 5,047 | 94 | 0 | 0 | 0 |
| 2,767 | 0 | 12,064 | 0 | 65,909 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>2,995</u> | <u>201,172</u> | <u>12,158</u> | <u>49,289</u> | <u>65,909</u> | <u>0</u> |
| 95 | 268,668 | 10,982 | 49,661 | 3,161 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 40,000 | 0 |
| 0 | 0 | 0 | 0 | 34,438 | 0 |
| <u>95</u> | <u>268,668</u> | <u>10,982</u> | <u>49,661</u> | <u>77,599</u> | <u>0</u> |
| 2,900 | (67,496) | 1,176 | (372) | (11,690) | 0 |
| 0 | 72,000 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 72,000 | 0 | 0 | 0 | 0 |
| <u>2,900</u> | <u>4,504</u> | <u>1,176</u> | <u>(372)</u> | <u>(11,690)</u> | <u>0</u> |
| 13,810 | 370,321 | 8,242 | 14,900 | 218,875 | 1,100 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 16,710</u> | <u>\$ 374,825</u> | <u>\$ 9,418</u> | <u>\$ 14,528</u> | <u>\$ 207,185</u> | <u>\$ 1,100</u> |

(Continued)

CITY OF NAPOLEON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Police Pension | Fire Pension | Cemetery | Law Enforcement OT Grant |
|--|--------------------|--------------------|------------------|--------------------------------|
| Revenues: | | | | |
| Property Taxes | \$ 80,546 | \$ 40,362 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 14,253 | 11,947 | 0 | 0 |
| Charges for Services | 0 | 0 | 4,968 | 0 |
| Investment Earnings | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 0 | 0 | 0 | 0 |
| Total Revenue | <u>94,799</u> | <u>52,309</u> | <u>4,968</u> | <u>0</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 96,215 | 57,171 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 5,604 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest & Fiscal Charges | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>96,215</u> | <u>57,171</u> | <u>5,604</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,416) | (4,862) | (636) | 0 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change In Fund Balance | (1,416) | (4,862) | (636) | 0 |
| Fund Balances (Deficit) | | | | |
| at Beginning of Year, as Restated | (48,088) | (27,608) | 69,412 | 15,671 |
| Increase (Decrease) in Inventory Reserve | 0 | 0 | 0 | 0 |
| Fund Balances (Deficit) End of Year | <u>\$ (49,504)</u> | <u>\$ (32,470)</u> | <u>\$ 68,776</u> | <u>\$ 15,671</u> |

CITY OF NAPOLEON, OHIO

| Certified Police Training | Indigent Drivers Interlock/ Alcohol | Total Nonmajor Special Revenue Funds |
|------------------------------|---|--|
| \$ 0 | \$ 0 | \$ 120,908 |
| 0 | 0 | 1,647,866 |
| 0 | 0 | 518,649 |
| 0 | 0 | 18,349 |
| 0 | 5,516 | 115,206 |
| 0 | 0 | 52,134 |
| <u>0</u> | <u>5,516</u> | <u>2,473,112</u> |
| 400 | 0 | 789,014 |
| 0 | 0 | 799,615 |
| 0 | 0 | 806,988 |
| 0 | 0 | 596,226 |
| 0 | 0 | 51,074 |
| 0 | 0 | 40,000 |
| 0 | 0 | 34,438 |
| <u>400</u> | <u>0</u> | <u>3,117,355</u> |
| (400) | 5,516 | (644,243) |
| 0 | 0 | 612,815 |
| <u>0</u> | <u>0</u> | <u>(78,478)</u> |
| 0 | 0 | 534,337 |
| (400) | 5,516 | (109,906) |
| 3,680 | 10,990 | 1,934,831 |
| <u>0</u> | <u>0</u> | <u>1,029</u> |
| <u>\$ 3,280</u> | <u>\$ 16,506</u> | <u>\$ 1,825,954</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|------------|---|
| Revenues: | | | | |
| Property Taxes | \$ 231,990 | \$ 268,487 | \$ 268,487 | \$ 0 |
| Municipal Income Taxes | 2,975,000 | 3,333,713 | 3,333,713 | 0 |
| Other Local Taxes | 522,000 | 522,615 | 522,615 | 0 |
| Intergovernmental Revenues | 500,750 | 528,802 | 528,802 | 0 |
| Charges for Services | 250,850 | 264,862 | 264,862 | 0 |
| Licenses and Permits | 54,610 | 68,203 | 68,203 | 0 |
| Investment Earnings | 97,620 | 89,126 | 89,126 | 0 |
| Special Assessments | 500 | 236 | 236 | 0 |
| Fines and Forfeitures | 273,000 | 247,040 | 247,040 | 0 |
| All Other Revenues | 352,920 | 314,241 | 314,241 | 0 |
| Total Revenues | 5,259,240 | 5,637,325 | 5,637,325 | 0 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Personal Services | 1,507,252 | 1,455,314 | 1,455,310 | 4 |
| Materials and Supplies | 85,673 | 73,820 | 73,109 | 711 |
| Contractual Services | 138,713 | 107,232 | 105,902 | 1,330 |
| Other Expenditures | 6,326 | 5,446 | 5,424 | 22 |
| Total Police | 1,737,964 | 1,641,812 | 1,639,745 | 2,067 |
| Fire: | | | | |
| Personal Services | 747,880 | 718,162 | 718,161 | 1 |
| Materials and Supplies | 53,784 | 39,297 | 39,274 | 23 |
| Contractual Services | 149,909 | 93,293 | 86,157 | 7,136 |
| Total Fire | 951,573 | 850,752 | 843,592 | 7,160 |
| Total Security of Persons and Property | 2,689,537 | 2,492,564 | 2,483,337 | 9,227 |
| Public Health and Welfare Services: | | | | |
| Cemetery: | | | | |
| Personal Services | 81,850 | 84,634 | 84,634 | 0 |
| Materials and Supplies | 13,150 | 11,788 | 11,787 | 1 |
| Contractual Services | 16,280 | 13,583 | 13,579 | 4 |
| Total Public Health and Welfare Services | 111,280 | 110,005 | 110,000 | 5 |

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|----------------|----------------|---|
| Community Environment: | | | | |
| Building Inspection: | | | | |
| Personal Services | 103,600 | 101,763 | 101,761 | 2 |
| Materials and Supplies | 2,700 | 1,323 | 1,322 | 1 |
| Contractual Services | 21,040 | 9,445 | 9,442 | 3 |
| Other Expenditures | 650 | 79 | 78 | 1 |
| Total Community Environment | <u>127,990</u> | <u>112,610</u> | <u>112,603</u> | <u>7</u> |
| General Government: | | | | |
| City Council: | | | | |
| Personal Services | 10,365 | 8,852 | 8,789 | 63 |
| Materials and Supplies | 300 | 223 | 222 | 1 |
| Contractual Services | 1,464 | 1,008 | 1,001 | 7 |
| Other Expenditures | 400 | 1,273 | 1,273 | 0 |
| Total City Council | <u>12,529</u> | <u>11,356</u> | <u>11,285</u> | <u>71</u> |
| Mayor: | | | | |
| Personal Services | 4,227 | 3,613 | 3,587 | 26 |
| Materials and Supplies | 200 | 70 | 70 | 0 |
| Contractual Services | 1,530 | 1,064 | 1,063 | 1 |
| Other Expenditures | 50 | 25 | 25 | 0 |
| Total Mayor | <u>6,007</u> | <u>4,772</u> | <u>4,745</u> | <u>27</u> |
| City Manager - Administration: | | | | |
| Personal Services | 59,581 | 50,567 | 50,205 | 362 |
| Materials and Supplies | 1,236 | 645 | 640 | 5 |
| Contractual Services | 967 | 384 | 381 | 3 |
| Other Expenditures | 400 | 414 | 414 | 0 |
| Total City Manager - Administration | <u>62,184</u> | <u>52,010</u> | <u>51,640</u> | <u>370</u> |
| City Manager - Human Resources: | | | | |
| Personal Services | 90,560 | 91,235 | 91,235 | 0 |
| Materials and Supplies | 500 | 203 | 202 | 1 |
| Contractual Services | 6,780 | 3,164 | 3,163 | 1 |
| Other Expenditures | 200 | 0 | 0 | 0 |
| Total City Manager - Human Resources | <u>98,040</u> | <u>94,602</u> | <u>94,600</u> | <u>2</u> |

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------|---------|---|
| Law Director: | | | | |
| Personal Services | 52,218 | 44,641 | 44,322 | 319 |
| Materials and Supplies | 2,197 | 70 | 70 | 0 |
| Contractual Services | 10,777 | 5,122 | 4,865 | 257 |
| Other Expenditures | 500 | 0 | 0 | 0 |
| Total Law Director | 65,692 | 49,833 | 49,257 | 576 |
| Finance - Administration: | | | | |
| Personal Services | 100,890 | 87,525 | 86,900 | 625 |
| Materials and Supplies | 2,350 | 2,969 | 2,968 | 1 |
| Contractual Services | 33,839 | 26,343 | 26,153 | 190 |
| Other Expenditures | 1,260 | 1,163 | 1,163 | 0 |
| Total Finance - Administration | 138,339 | 118,000 | 117,184 | 816 |
| Finance - Utility Billing: | | | | |
| Personal Services | 37,439 | 31,904 | 31,675 | 229 |
| Materials and Supplies | 11,467 | 8,582 | 8,521 | 61 |
| Contractual Services | 12,763 | 10,360 | 10,286 | 74 |
| Total Finance - Utility Billing | 61,669 | 50,846 | 50,482 | 364 |
| Finance - Income Tax Collection: | | | | |
| Personal Services | 133,960 | 130,331 | 130,331 | 0 |
| Materials and Supplies | 6,010 | 5,822 | 5,822 | 0 |
| Contractual Services | 19,200 | 13,215 | 13,011 | 204 |
| Capital Outlay | 2,950 | 1,719 | 1,719 | 0 |
| Total Finance - Income Tax Collection | 162,120 | 151,087 | 150,883 | 204 |
| Finance - Information Systems: | | | | |
| Personal Services | 82,190 | 79,430 | 79,428 | 2 |
| Materials and Supplies | 22,934 | 21,601 | 21,600 | 1 |
| Contractual Services | 56,510 | 52,082 | 50,654 | 1,428 |
| Total Finance - Information Systems | 161,634 | 153,113 | 151,682 | 1,431 |
| City Engineer: | | | | |
| Personal Services | 103,590 | 87,134 | 86,511 | 623 |
| Materials and Supplies | 2,746 | 2,662 | 2,642 | 20 |
| Contractual Services | 23,775 | 20,215 | 18,888 | 1,327 |
| Other Expenditures | 4,000 | 2,805 | 2,805 | 0 |
| Total City Engineer | 134,111 | 112,816 | 110,846 | 1,970 |

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|--------------|---|
| Municipal Court: | | | | |
| Personal Services | 424,180 | 395,770 | 395,767 | 3 |
| Materials and Supplies | 42,500 | 37,712 | 37,709 | 3 |
| Contractual Services | 58,140 | 43,637 | 43,631 | 6 |
| Other Expenditures | 230 | 124 | 124 | 0 |
| Total Municipal Court | 525,050 | 477,243 | 477,231 | 12 |
| Service - Buildings, Property and Equipment: | | | | |
| Personal Services | 35,141 | 31,532 | 31,307 | 225 |
| Materials and Supplies | 4,797 | 3,681 | 3,650 | 31 |
| Contractual Services | 1,178 | 494 | 490 | 4 |
| Other Expenditures | 140 | 199 | 199 | 0 |
| Total Service - Buildings, Property and Equipment | 41,256 | 35,906 | 35,646 | 260 |
| Miscellaneous: | | | | |
| Materials and Supplies | 7,185 | 3,015 | 2,992 | 23 |
| Contractual Services | 95,399 | 74,187 | 73,620 | 567 |
| Other Expenditures | 154,394 | 126,095 | 125,134 | 961 |
| Total Miscellaneous | 256,978 | 203,297 | 201,746 | 1,551 |
| Total General Government | 1,725,609 | 1,514,881 | 1,507,227 | 7,654 |
| Total Expenditures | 4,654,416 | 4,230,060 | 4,213,167 | 16,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 604,824 | 1,407,265 | 1,424,158 | 16,893 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 0 | 26 | 26 | 0 |
| Transfers In | 58,935 | 53,565 | 40,118 | (13,447) |
| Transfers Out | (1,564,700) | (1,737,921) | (1,737,921) | 0 |
| Total Other Financing Sources (Uses) | (1,505,765) | (1,684,330) | (1,697,777) | (13,447) |
| Net Change In Fund Balance | (900,941) | (277,065) | (273,619) | 3,446 |
| Fund Balance at Beginning of Year | 1,278,830 | 1,278,830 | 1,278,830 | 0 |
| Prior Year Encumbrances | 64,860 | 64,860 | 64,860 | 0 |
| Fund Balance at End of Year | \$ 442,749 | \$ 1,066,625 | \$ 1,070,071 | \$ 3,446 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2011***

| SPECIAL ASSESSMENT BOND RETIREMENT FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Investment Earnings | \$ 15,860 | \$ 13,586 | \$ 13,586 | \$ 0 |
| Special Assessments | 110,660 | 101,941 | 101,941 | 0 |
| Total Revenues | <u>126,520</u> | <u>115,527</u> | <u>115,527</u> | <u>0</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Contractual Services | 4,500 | 3,059 | 3,058 | 1 |
| Debt Service: | | | | |
| Principal Retirement | 95,717 | 443,949 | 443,949 | 0 |
| Interest and Fiscal Charges | 9,183 | 28,821 | 28,820 | 1 |
| Total Expenditures | <u>109,400</u> | <u>475,829</u> | <u>475,827</u> | <u>2</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 17,120 | (360,302) | (360,300) | 2 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 12,360 | 12,360 | 12,360 | 0 |
| Total Other Financing Sources (Uses) | <u>12,360</u> | <u>12,360</u> | <u>12,360</u> | <u>0</u> |
| Net Change In Fund Balance | 29,480 | (347,942) | (347,940) | 2 |
| Fund Balance at Beginning of Year | 897,967 | 897,967 | 897,967 | 0 |
| Fund Balance at End of Year | <u>\$ 927,447</u> | <u>\$ 550,025</u> | <u>\$ 550,027</u> | <u>\$ 2</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2011**

| CAPITAL IMPROVEMENT FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 27,750 | \$ 30,110 | \$ 30,110 | \$ 0 |
| Total Revenues | <u>27,750</u> | <u>30,110</u> | <u>30,110</u> | <u>0</u> |
| Expenditures: | | | | |
| Capital Outlay: | | | | |
| City Council | 10,000 | 10,132 | 10,131 | 1 |
| City Manager | 1,500 | 231 | 231 | 0 |
| Law Director | 1,500 | 1,000 | 1,000 | 0 |
| Finance - Administration | 10,900 | 4,267 | 4,266 | 1 |
| Central Information System | 16,000 | 15,521 | 15,521 | 0 |
| Engineering | 29,564 | 25,863 | 25,863 | 0 |
| Police | 88,000 | 85,074 | 85,074 | 0 |
| Fire | 4,000 | 2,783 | 2,783 | 0 |
| Parks and Recreation | 78,747 | 75,555 | 73,808 | 1,747 |
| Cemetery | 6,400 | 4,450 | 4,450 | 0 |
| Street Maintenance | 676,468 | 570,129 | 570,129 | 0 |
| Total Expenditures | <u>923,079</u> | <u>795,005</u> | <u>793,256</u> | <u>1,749</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (895,329) | (764,895) | (763,146) | 1,749 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 868,860 | 1,058,381 | 1,058,381 | 0 |
| Transfers Out | (246,670) | (294,465) | (294,465) | 0 |
| Advances In | 35,300 | 35,300 | 35,300 | 0 |
| Total Other Financing Sources (Uses) | <u>657,490</u> | <u>799,216</u> | <u>799,216</u> | <u>0</u> |
| Net Change In Fund Balance | (237,839) | 34,321 | 36,070 | 1,749 |
| Fund Balance at Beginning of Year | 449,301 | 449,301 | 449,301 | 0 |
| Prior Year Encumbrances | 72,779 | 72,779 | 72,779 | 0 |
| Fund Balance at End of Year | <u>\$ 284,241</u> | <u>\$ 556,401</u> | <u>\$ 558,150</u> | <u>\$ 1,749</u> |



CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 410,000 | \$ 401,439 | \$ 401,439 | \$ 0 |
| Charges for Services | 2,500 | 5,179 | 5,179 | 0 |
| Investment Earnings | 1,800 | 2,196 | 2,196 | 0 |
| All Other Revenues | 5,480 | 5,016 | 5,016 | 0 |
| Total Revenues | <u>419,780</u> | <u>413,830</u> | <u>413,830</u> | <u>0</u> |
| Expenditures: | | | | |
| Transportation: | | | | |
| Street Maintenance: | | | | |
| Personal Services | 298,540 | 282,423 | 282,423 | 0 |
| Materials and Supplies | 111,176 | 85,993 | 83,849 | 2,144 |
| Contractual Services | 52,790 | 50,143 | 50,139 | 4 |
| Other Expenditures | 24,300 | 12,149 | 12,148 | 1 |
| Total Street Maintenance | <u>486,806</u> | <u>430,708</u> | <u>428,559</u> | <u>2,149</u> |
| Ice and Snow Removal: | | | | |
| Personal Services | 32,000 | 31,659 | 31,659 | 0 |
| Materials and Supplies | 12,600 | 6,592 | 6,591 | 1 |
| Contractual Services | 10,400 | 13,288 | 13,288 | 0 |
| Other Expenditures | 7,500 | 5,509 | 5,508 | 1 |
| Total Ice and Snow Removal | <u>62,500</u> | <u>57,048</u> | <u>57,046</u> | <u>2</u> |
| Storm Drainage: | | | | |
| Personal Services | 11,000 | 18,351 | 18,350 | 1 |
| Materials and Supplies | 8,000 | 2,347 | 2,346 | 1 |
| Contractual Services | 3,000 | 329 | 329 | 0 |
| Other Expenditures | 1,000 | 221 | 221 | 0 |
| Total Storm Drainage | <u>23,000</u> | <u>21,248</u> | <u>21,246</u> | <u>2</u> |
| Total Expenditures | <u>572,306</u> | <u>509,004</u> | <u>506,851</u> | <u>2,153</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (152,526) | (95,174) | (93,021) | 2,153 |
| Fund Balance at Beginning of Year | 179,798 | 179,798 | 179,798 | 0 |
| Prior Year Encumbrances | 10,576 | 10,576 | 10,576 | 0 |
| Fund Balance at End of Year | <u>\$ 37,848</u> | <u>\$ 95,200</u> | <u>\$ 97,353</u> | <u>\$ 2,153</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 32,700 | \$ 32,549 | \$ 32,549 | \$ 0 |
| Investment Earnings | 520 | 474 | 474 | 0 |
| Total Revenues | <u>33,220</u> | <u>33,023</u> | <u>33,023</u> | <u>0</u> |
| Expenditures: | | | | |
| Transportation: | | | | |
| Materials and Supplies | 19,444 | 18,931 | 18,930 | 1 |
| Contractual Services | <u>26,000</u> | <u>21,060</u> | <u>21,060</u> | <u>0</u> |
| Total Expenditures | <u>45,444</u> | <u>39,991</u> | <u>39,990</u> | <u>1</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,224) | (6,968) | (6,967) | 1 |
| Fund Balance at Beginning of Year | 24,869 | 24,869 | 24,869 | 0 |
| Prior Year Encumbrances | <u>4,044</u> | <u>4,044</u> | <u>4,044</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 16,689</u> | <u>\$ 21,945</u> | <u>\$ 21,946</u> | <u>\$ 1</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| MOTOR VEHICLE LICENSE TAX FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 104,700 | \$ 108,909 | \$ 108,909 | \$ 0 |
| Investment Earnings | 5,540 | 6,728 | 6,728 | 0 |
| Total Revenues | <u>110,240</u> | <u>115,637</u> | <u>115,637</u> | <u>0</u> |
| Expenditures: | | | | |
| Transportation: | | | | |
| Materials and Supplies | 90,000 | 70,028 | 70,026 | 2 |
| Contractual Services | <u>109,000</u> | <u>82,394</u> | <u>82,393</u> | <u>1</u> |
| Total Expenditures | <u>199,000</u> | <u>152,422</u> | <u>152,419</u> | <u>3</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (88,760) | (36,785) | (36,782) | 3 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>(12,360)</u> | <u>(12,360)</u> | <u>(12,360)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(12,360)</u> | <u>(12,360)</u> | <u>(12,360)</u> | <u>0</u> |
| Net Change In Fund Balance | (101,120) | (49,145) | (49,142) | 3 |
| Fund Balance at Beginning of Year | <u>462,028</u> | <u>462,028</u> | <u>462,028</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 360,908</u> | <u>\$ 412,883</u> | <u>\$ 412,886</u> | <u>\$ 3</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| EMS TRANSPORT SERVICE FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 4,950 | \$ 4,230 | \$ 4,230 | \$ 0 |
| Charges for Services | 216,000 | 309,381 | 309,381 | 0 |
| Total Revenues | <u>220,950</u> | <u>313,611</u> | <u>313,611</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Materials and Supplies | 33,600 | 22,911 | 22,909 | 2 |
| Contractual Services | 104,800 | 93,330 | 93,328 | 2 |
| Other Expenditures | 160,000 | 175,000 | 175,000 | 0 |
| Capital Outlay | 4,950 | 4,946 | 4,945 | 1 |
| Total Expenditures | <u>303,350</u> | <u>296,187</u> | <u>296,182</u> | <u>5</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (82,400) | 17,424 | 17,429 | 5 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (26,000) | (26,000) | (26,000) | 0 |
| Total Other Financing Sources (Uses) | <u>(26,000)</u> | <u>(26,000)</u> | <u>(26,000)</u> | <u>0</u> |
| Net Change In Fund Balance | (108,400) | (8,576) | (8,571) | 5 |
| Fund Balance at Beginning of Year | 109,196 | 109,196 | 109,196 | 0 |
| Fund Balance at End of Year | <u>\$ 796</u> | <u>\$ 100,620</u> | <u>\$ 100,625</u> | <u>\$ 5</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| RECREATION FUND | | | | |
|------------------------------|--------------------|----------------|----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Charges for Services | \$ 229,520 | \$ 166,270 | \$ 166,272 | \$ 2 |
| Investment Earnings | 2,580 | 2,517 | 2,517 | 0 |
| All Other Revenues | 39,560 | 39,957 | 39,957 | 0 |
| Total Revenues | <u>271,660</u> | <u>208,744</u> | <u>208,746</u> | <u>2</u> |
| Expenditures: | | | | |
| Leisure Time Activities: | | | | |
| Administration: | | | | |
| Personal Services | 81,040 | 80,535 | 80,531 | 4 |
| Materials and Supplies | 17,000 | 14,241 | 14,240 | 1 |
| Contractual Services | 4,265 | 787 | 691 | 96 |
| Other Expenditures | 2,750 | 0 | 0 | 0 |
| Total Administration | <u>105,055</u> | <u>95,563</u> | <u>95,462</u> | <u>101</u> |
| Golf Course Operations: | | | | |
| Personal Services | 150,330 | 137,507 | 137,504 | 3 |
| Materials and Supplies | 76,738 | 66,903 | 66,570 | 333 |
| Contractual Services | 20,668 | 17,614 | 17,593 | 21 |
| Total Golf Course Operations | <u>247,736</u> | <u>222,024</u> | <u>221,667</u> | <u>357</u> |
| Pool Operations: | | | | |
| Personal Services | 57,350 | 49,539 | 49,536 | 3 |
| Materials and Supplies | 30,000 | 24,889 | 24,889 | 0 |
| Contractual Services | 28,430 | 22,834 | 22,830 | 4 |
| Total Pool Operations | <u>115,780</u> | <u>97,262</u> | <u>97,255</u> | <u>7</u> |
| Parks and Programs: | | | | |
| Personal Services | 246,350 | 249,999 | 249,999 | 0 |
| Materials and Supplies | 89,040 | 91,325 | 91,285 | 40 |
| Contractual Services | 61,340 | 48,455 | 48,453 | 2 |
| Total Parks and Programs | <u>396,730</u> | <u>389,779</u> | <u>389,737</u> | <u>42</u> |
| Total Expenditures | <u>865,301</u> | <u>804,628</u> | <u>804,121</u> | <u>507</u> |

(Continued)

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | RECREATION FUND | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (593,641) | (595,884) | (595,375) | 509 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 507,480 | 540,815 | 540,815 | 0 |
| Total Other Financing Sources (Uses) | 507,480 | 540,815 | 540,815 | 0 |
| Net Change In Fund Balance | (86,161) | (55,069) | (54,560) | 509 |
| Fund Balance at Beginning of Year | 154,736 | 154,736 | 154,736 | 0 |
| Prior Year Encumbrances | 1,551 | 1,551 | 1,551 | 0 |
| Fund Balance at End of Year | <u>\$ 70,126</u> | <u>\$ 101,218</u> | <u>\$ 101,727</u> | <u>\$ 509</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | SPECIAL EVENTS FUND | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------|----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | | |
| General Government: | | | | |
| Contractual Services | 12,000 | 11,369 | 11,369 | 0 |
| Total Expenditures | 12,000 | 11,369 | 11,369 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,000) | (11,369) | (11,369) | 0 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 12,000 | 12,000 | 12,000 | 0 |
| Total Other Financing Sources (Uses) | 12,000 | 12,000 | 12,000 | 0 |
| Net Change In Fund Balance | 0 | 631 | 631 | 0 |
| Fund Balance at Beginning of Year | 4,242 | 4,242 | 4,242 | 0 |
| Fund Balance at End of Year | \$ 4,242 | \$ 4,873 | \$ 4,873 | \$ 0 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| ECONOMIC DEVELOPMENT FUND | | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Investment Earnings | \$ 220 | \$ 1,698 | \$ 1,698 | \$ 0 |
| All Other Revenues | 0 | 15,645 | 15,645 | 0 |
| Total Revenues | <u>220</u> | <u>17,343</u> | <u>17,343</u> | <u>0</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Contractual Services | 392,030 | 342,026 | 342,025 | 1 |
| Total Expenditures | <u>392,030</u> | <u>342,026</u> | <u>342,025</u> | <u>1</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (391,810) | (324,683) | (324,682) | 1 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 400,000 | 400,000 | 400,000 | 0 |
| Total Other Financing Sources (Uses) | <u>400,000</u> | <u>400,000</u> | <u>400,000</u> | <u>0</u> |
| Net Change In Fund Balance | 8,190 | 75,317 | 75,318 | 1 |
| Fund Balance at Beginning of Year | 5,710 | 5,710 | 5,710 | 0 |
| Fund Balance at End of Year | <u>\$ 13,900</u> | <u>\$ 81,027</u> | <u>\$ 81,028</u> | <u>\$ 1</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

DOWNTOWN REVITALIZATION GRANT FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|----------------|----------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 370,000 | \$ 370,648 | \$ 370,648 | \$ 0 |
| Total Revenues | <u>370,000</u> | <u>370,648</u> | <u>370,648</u> | <u>0</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Contractual Services | 370,000 | 374,164 | 374,164 | 0 |
| Total Expenditures | <u>370,000</u> | <u>374,164</u> | <u>374,164</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (3,516) | (3,516) | 0 |
| Fund Balance at Beginning of Year | <u>3,516</u> | <u>3,516</u> | <u>3,516</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 3,516</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-----------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 75,000 | \$ 80,236 | \$ 80,236 | \$ 0 |
| Total Revenues | <u>75,000</u> | <u>80,236</u> | <u>80,236</u> | <u>0</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Contractual Services | <u>37,500</u> | <u>40,118</u> | <u>40,118</u> | <u>0</u> |
| Total Expenditures | <u>37,500</u> | <u>40,118</u> | <u>40,118</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 37,500 | 40,118 | 40,118 | 0 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>(37,500)</u> | <u>(40,118)</u> | <u>(40,118)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(37,500)</u> | <u>(40,118)</u> | <u>(40,118)</u> | <u>0</u> |
| Net Change In Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenues: | | | | |
| All Other Revenues | \$ 0 | \$ 8,000 | \$ 8,000 | \$ 0 |
| Total Revenues | <u>0</u> | <u>8,000</u> | <u>8,000</u> | <u>0</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Other Expenditures | 13,860 | 8,000 | 8,000 | 0 |
| Total Expenditures | <u>13,860</u> | <u>8,000</u> | <u>8,000</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (13,860) | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 13,860 | 13,860 | 13,860 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 13,860</u> | <u>\$ 13,860</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| CHIP INCOME FUND | | | | |
|--|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 415,000 | \$ 394,566 | \$ 394,566 | \$ 0 |
| Total Revenues | <u>415,000</u> | <u>394,566</u> | <u>394,566</u> | <u>0</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Contractual Services | 450,300 | 394,566 | 394,566 | 0 |
| Total Expenditures | <u>450,300</u> | <u>394,566</u> | <u>394,566</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (35,300) | 0 | 0 | 0 |
| Other Financing Sources (Uses): | | | | |
| Advances Out | 0 | (35,300) | (35,300) | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(35,300)</u> | <u>(35,300)</u> | <u>0</u> |
| Net Change In Fund Balance | (35,300) | (35,300) | (35,300) | 0 |
| Fund Balance at Beginning of Year | 35,300 | 35,300 | 35,300 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| CDBG INCOME FUND | | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 0 | \$ 3,742 | \$ 3,742 | \$ 0 |
| Total Revenues | <u>0</u> | <u>3,742</u> | <u>3,742</u> | <u>0</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Contractual Services | 65,000 | 37,427 | 37,427 | 0 |
| Total Expenditures | <u>65,000</u> | <u>37,427</u> | <u>37,427</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (65,000) | (33,685) | (33,685) | 0 |
| Fund Balance at Beginning of Year | 65,957 | 65,957 | 65,957 | 0 |
| Fund Balance at End of Year | <u>\$ 957</u> | <u>\$ 32,272</u> | <u>\$ 32,272</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| Revenues: | | | | |
| Investment Earnings | \$ 570 | \$ 560 | \$ 560 | \$ 0 |
| Fines and Forfeitures | 7,000 | 9,914 | 9,914 | 0 |
| Total Revenues | <u>7,570</u> | <u>10,474</u> | <u>10,474</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Contractual Services | 25,000 | 3,088 | 3,088 | 0 |
| Total Expenditures | <u>25,000</u> | <u>3,088</u> | <u>3,088</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (17,430) | 7,386 | 7,386 | 0 |
| Fund Balance at Beginning of Year | 34,948 | 34,948 | 34,948 | 0 |
| Fund Balance at End of Year | <u>\$ 17,518</u> | <u>\$ 42,334</u> | <u>\$ 42,334</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

LAW ENFORCEMENT AND EDUCATION FUND

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-----------------|---|
| Revenues: | | | | |
| Investment Earnings | \$ 100 | \$ 84 | \$ 84 | \$ 0 |
| Fines and Forfeitures | 1,900 | 1,082 | 1,082 | 0 |
| Total Revenues | <u>2,000</u> | <u>1,166</u> | <u>1,166</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 3,000 | 300 | 299 | 1 |
| Contractual Services | 2,125 | 1,094 | 969 | 125 |
| Capital Outlay | 1,000 | 0 | 0 | 0 |
| Total Expenditures | <u>6,125</u> | <u>1,394</u> | <u>1,268</u> | <u>126</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,125) | (228) | (102) | 126 |
| Fund Balance at Beginning of Year | 4,876 | 4,876 | 4,876 | 0 |
| Prior Year Encumbrances | 125 | 125 | 125 | 0 |
| Fund Balance at End of Year | <u>\$ 876</u> | <u>\$ 4,773</u> | <u>\$ 4,899</u> | <u>\$ 126</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|-----------|---|
| COURT COMPUTERIZATION FUND | | | | |
| Revenues: | | | | |
| Investment Earnings | \$ 460 | \$ 439 | \$ 439 | \$ 0 |
| Fines and Forfeitures | 18,000 | 18,786 | 18,786 | 0 |
| Total Revenues | 18,460 | 19,225 | 19,225 | 0 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Contractual Services | 3,500 | 0 | 0 | 0 |
| Other Expenditures | 10,000 | 10,000 | 10,000 | 0 |
| Capital Outlay | 6,500 | 8,699 | 8,699 | 0 |
| Total Expenditures | 20,000 | 18,699 | 18,699 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,540) | 526 | 526 | 0 |
| Fund Balance at Beginning of Year | 26,839 | 26,839 | 26,839 | 0 |
| Fund Balance at End of Year | \$ 25,299 | \$ 27,365 | \$ 27,365 | \$ 0 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|----------|---|
| Revenues: | | | | |
| Investment Earnings | \$ 50 | \$ 29 | \$ 29 | \$ 0 |
| All Other Revenues | 900 | 100 | 100 | 0 |
| Total Revenues | 950 | 129 | 129 | 0 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Other Expenditures | 1,000 | 0 | 0 | 0 |
| Capital Outlay | 500 | 0 | 0 | 0 |
| Total Expenditures | 1,500 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (550) | 129 | 129 | 0 |
| Fund Balance at Beginning of Year | 1,549 | 1,549 | 1,549 | 0 |
| Fund Balance at End of Year | \$ 999 | \$ 1,678 | \$ 1,678 | \$ 0 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|-----------|---|
| Revenues: | | | | |
| Investment Earnings | \$ 180 | \$ 227 | \$ 227 | \$ 0 |
| Fines and Forfeitures | 500 | 2,414 | 2,414 | 0 |
| Total Revenues | 680 | 2,641 | 2,641 | 0 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 3,000 | 0 | 0 | 0 |
| Other Expenditures | 2,000 | 95 | 95 | 0 |
| Total Expenditures | 5,000 | 95 | 95 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,320) | 2,546 | 2,546 | 0 |
| Fund Balance at Beginning of Year | 13,790 | 13,790 | 13,790 | 0 |
| Fund Balance at End of Year | \$ 9,470 | \$ 16,336 | \$ 16,336 | \$ 0 |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| FIRE EQUIPMENT FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 178,130 | \$ 178,125 | \$ 178,125 | \$ 0 |
| Charges for Services | 18,000 | 18,000 | 18,000 | 0 |
| Investment Earnings | 5,630 | 5,022 | 5,022 | 0 |
| Total Revenues | <u>201,760</u> | <u>201,147</u> | <u>201,147</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Capital Outlay | <u>270,626</u> | <u>270,466</u> | <u>270,465</u> | <u>1</u> |
| Total Expenditures | <u>270,626</u> | <u>270,466</u> | <u>270,465</u> | <u>1</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (68,866) | (69,319) | (69,318) | 1 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>72,000</u> | <u>72,000</u> | <u>72,000</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>72,000</u> | <u>72,000</u> | <u>72,000</u> | <u>0</u> |
| Net Change In Fund Balance | 3,134 | 2,681 | 2,682 | 1 |
| Fund Balance at Beginning of Year | 112,244 | 112,244 | 112,244 | 0 |
| Prior Year Encumbrances | <u>259,626</u> | <u>259,626</u> | <u>259,626</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 375,004</u> | <u>\$ 374,551</u> | <u>\$ 374,552</u> | <u>\$ 1</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|----------|---|
| MUNICIPAL PROBATION SERVICE FUND | | | | |
| Revenues: | | | | |
| Investment Earnings | \$ 210 | \$ 98 | \$ 98 | \$ 0 |
| Fines and Forfeitures | 18,000 | 11,329 | 11,330 | 1 |
| Total Revenues | 18,210 | 11,427 | 11,428 | 1 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 3,250 | 934 | 933 | 1 |
| Contractual Services | 12,000 | 9,630 | 9,630 | 0 |
| Other Expenditures | 3,500 | 420 | 419 | 1 |
| Total Expenditures | 18,750 | 10,984 | 10,982 | 2 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (540) | 443 | 446 | 3 |
| Fund Balance at Beginning of Year | 8,136 | 8,136 | 8,136 | 0 |
| Fund Balance at End of Year | \$ 7,596 | \$ 8,579 | \$ 8,582 | \$ 3 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| PROBATION OFFICER GRANT FUND | | | | |
|--|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 49,290 | \$ 49,289 | \$ 49,289 | \$ 0 |
| Total Revenues | <u>49,290</u> | <u>49,289</u> | <u>49,289</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 49,290 | 49,292 | 49,292 | 0 |
| Total Expenditures | <u>49,290</u> | <u>49,292</u> | <u>49,292</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (3) | (3) | 0 |
| Fund Balance at Beginning of Year | 4,086 | 4,086 | 4,086 | 0 |
| Fund Balance at End of Year | <u>\$ 4,086</u> | <u>\$ 4,083</u> | <u>\$ 4,083</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | \$ 70,000 | \$ 64,562 | \$ 64,562 | \$ 0 |
| Total Revenues | <u>70,000</u> | <u>64,562</u> | <u>64,562</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Capital Outlay | 4,760 | 3,162 | 3,161 | 1 |
| Debt Service: | | | | |
| Principal Retirement | 40,000 | 40,000 | 40,000 | 0 |
| Interest and Fiscal Charges | 34,440 | 34,439 | 34,438 | 1 |
| Total Expenditures | <u>79,200</u> | <u>77,601</u> | <u>77,599</u> | <u>2</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (9,200) | (13,039) | (13,037) | 2 |
| Fund Balance at Beginning of Year | 214,227 | 214,227 | 214,227 | 0 |
| Fund Balance at End of Year | <u>\$ 205,027</u> | <u>\$ 201,188</u> | <u>\$ 201,190</u> | <u>\$ 2</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| HANDICAP PARKING FINES FUND | | | | |
|--|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Other Expenditures | 1,100 | 0 | 0 | 0 |
| Total Expenditures | 1,100 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,100) | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 1,100 | 1,100 | 1,100 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 1,100</u> | <u>\$ 1,100</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|---------------|---------------|---|
| Revenues: | | | | |
| Property Taxes | \$ 74,120 | \$ 80,546 | \$ 80,546 | \$ 0 |
| Intergovernmental Revenues | 16,270 | 14,253 | 14,253 | 0 |
| Total Revenues | <u>90,390</u> | <u>94,799</u> | <u>94,799</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 90,380 | 94,799 | 94,799 | 0 |
| Total Expenditures | <u>90,380</u> | <u>94,799</u> | <u>94,799</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 10 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance at End of Year | <u>\$ 10</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| FIRE PENSION FUND | | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|---------------|---------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Property Taxes | \$ 33,440 | \$ 40,362 | \$ 40,362 | \$ 0 |
| Intergovernmental Revenues | 11,750 | 11,947 | 11,947 | 0 |
| Total Revenues | <u>45,190</u> | <u>52,309</u> | <u>52,309</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 45,190 | 52,309 | 52,309 | 0 |
| Total Expenditures | <u>45,190</u> | <u>52,309</u> | <u>52,309</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | CEMETERY FUND | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Charges for Services | \$ 2,500 | \$ 4,968 | \$ 4,968 | \$ 0 |
| Total Revenues | <u>2,500</u> | <u>4,968</u> | <u>4,968</u> | <u>0</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Materials and Supplies | <u>6,000</u> | <u>5,604</u> | <u>5,604</u> | <u>0</u> |
| Total Expenditures | <u>6,000</u> | <u>5,604</u> | <u>5,604</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,500) | (636) | (636) | 0 |
| Fund Balance at Beginning of Year | <u>69,412</u> | <u>69,412</u> | <u>69,412</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 65,912</u> | <u>\$ 68,776</u> | <u>\$ 68,776</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| LAW ENFORCEMENT OT GRANT FUND | | | | |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 5,000 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues | <u>5,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 4,950 | 0 | 0 | 0 |
| Contractual Services | 610 | 0 | 0 | 0 |
| Total Expenditures | <u>5,560</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (560) | 0 | 0 | 0 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 560 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>560</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change In Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 15,671 | 15,671 | 15,671 | 0 |
| Fund Balance at End of Year | <u>\$ 15,671</u> | <u>\$ 15,671</u> | <u>\$ 15,671</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-----------------|---|
| Revenues: | | | | |
| All Other Revenues | \$ 400 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues | <u>400</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 1,000 | 0 | 0 | 0 |
| Contractual Services | <u>2,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>3,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,600) | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>3,280</u> | <u>3,280</u> | <u>3,280</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 680</u> | <u>\$ 3,280</u> | <u>\$ 3,280</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| INDIGENT DRIVERS INTERLOCK / ALCOHOL FUND | | | | |
|--|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Fines and Forfeitures | \$ 2,000 | \$ 5,742 | \$ 5,742 | \$ 0 |
| Total Revenues | <u>2,000</u> | <u>5,742</u> | <u>5,742</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Contractual Services | <u>2,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>2,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 5,742 | 5,742 | 0 |
| Fund Balance at Beginning of Year | <u>10,426</u> | <u>10,426</u> | <u>10,426</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 10,426</u> | <u>\$ 16,168</u> | <u>\$ 16,168</u> | <u>\$ 0</u> |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2011***

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|----------|---|
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 25,000 | 25,000 | 25,000 | 0 |
| Interest and Fiscal Charges | 25,670 | 25,663 | 25,662 | 1 |
| Total Expenditures | 50,670 | 50,663 | 50,662 | 1 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (50,670) | (50,663) | (50,662) | 1 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 50,670 | 50,670 | 50,670 | 0 |
| Total Other Financing Sources (Uses) | 50,670 | 50,670 | 50,670 | 0 |
| Net Change In Fund Balance | 0 | 7 | 8 | 1 |
| Fund Balance at Beginning of Year | 9,520 | 9,520 | 9,520 | 0 |
| Fund Balance at End of Year | \$ 9,520 | \$ 9,527 | \$ 9,528 | \$ 1 |

CITY OF NAPOLEON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Project Fund
For the Year Ended December 31, 2011***

| CIP FUNDING RESERVE FUND | | | | |
|--|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Expenditures: | | | | |
| Capital Outlay: | | | | |
| Street Maintenance | 77,000 | 0 | 0 | 0 |
| Total Expenditures | <u>77,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (77,000) | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 86,250 | 86,250 | 86,250 | 0 |
| Fund Balance at End of Year | <u>\$ 9,250</u> | <u>\$ 86,250</u> | <u>\$ 86,250</u> | <u>\$ 0</u> |

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court office.

Law Library Fund

To account for monies collected from traffic fines until remitted to other entities.

Payroll Withholding Fund

To account for withholding taxes until remitted to other entities.

CITY OF NAPOLEON, OHIO

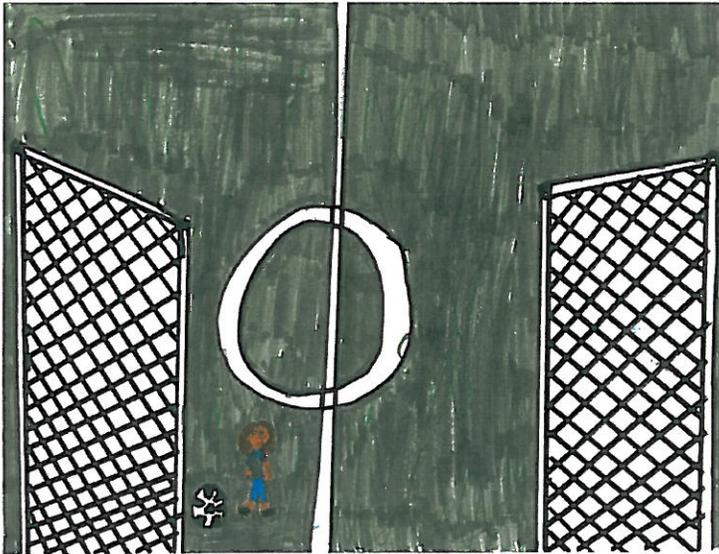
***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011***

| | Balance December 31, 2010 | Additions | Deductions | Balance December 31, 2011 |
|------------------------------|---------------------------------|--------------------|----------------------|---------------------------------|
| <u>Municipal Court</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$15,335 | \$1,562,917 | (\$1,551,810) | \$26,442 |
| Total Assets | <u>\$15,335</u> | <u>\$1,562,917</u> | <u>(\$1,551,810)</u> | <u>\$26,442</u> |
| Liabilities: | | | | |
| Due to Others | \$15,335 | \$1,562,917 | (\$1,551,810) | \$26,442 |
| Total Liabilities | <u>\$15,335</u> | <u>\$1,562,917</u> | <u>(\$1,551,810)</u> | <u>\$26,442</u> |
| <u>Law Library</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$0 | \$26,895 | (\$26,895) | \$0 |
| Total Assets | <u>\$0</u> | <u>\$26,895</u> | <u>(\$26,895)</u> | <u>\$0</u> |
| Liabilities: | | | | |
| Due to Others | \$0 | \$26,895 | (\$26,895) | \$0 |
| Total Liabilities | <u>\$0</u> | <u>\$26,895</u> | <u>(\$26,895)</u> | <u>\$0</u> |
| <u>Payroll Withholding</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$9,948 | \$22,996 | (\$23,374) | \$9,570 |
| Total Assets | <u>\$9,948</u> | <u>\$22,996</u> | <u>(\$23,374)</u> | <u>\$9,570</u> |
| Liabilities: | | | | |
| Due to Others | \$9,948 | \$22,996 | (\$23,374) | \$9,570 |
| Total Liabilities | <u>\$9,948</u> | <u>\$22,996</u> | <u>(\$23,374)</u> | <u>\$9,570</u> |
| <u>Totals - Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$25,283 | \$1,612,808 | (\$1,602,079) | \$36,012 |
| Total Assets | <u>\$25,283</u> | <u>\$1,612,808</u> | <u>(\$1,602,079)</u> | <u>\$36,012</u> |
| Liabilities: | | | | |
| Due to Others | \$25,283 | \$1,612,808 | (\$1,602,079) | \$36,012 |
| Total Liabilities | <u>\$25,283</u> | <u>\$1,612,808</u> | <u>(\$1,602,079)</u> | <u>\$36,012</u> |



STATISTICAL SECTION

Stevie Rieger 4th grade Central Elementary – Napoleon Soccer Field



GOALS TO BE MADE

KNOWLEDGE TO BE DISCOVERED



Maggie Weller 4th grade St. John Lutheran – Napoleon Public Library



STATISTICAL TABLES

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

Contents

| | |
|---|-------------|
| Financial Trends | S 2 – S 13 |
| These schedules contain trend information to help the reader understand how the city’s financial position has changed over time. | |
| Revenue Capacity | S 14 – S 17 |
| These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue source, the income tax. | |
| Debt Capacity | S 18 – S 27 |
| These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future. | |
| Economic and Demographic Information | S 28 – S 31 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | |
| Operating Information | S 32– S 37 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs. | |
| Sources Note: | |
| Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. | |

City of Napoleon, Ohio

*Net Assets by Component
Last Nine Years
(accrual basis of accounting)*

| | 2003 | 2004 | 2005 | 2006 |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$21,317,327 | \$21,021,667 | \$22,705,762 | \$24,314,801 |
| Restricted | 5,495,123 | 5,375,253 | 7,056,410 | 6,878,481 |
| Unrestricted | 1,855,778 | 2,934,897 | 2,246,227 | 2,235,629 |
| Total Governmental Activities Net Assets | <u>\$28,668,228</u> | <u>\$29,331,817</u> | <u>\$32,008,399</u> | <u>\$33,428,911</u> |
| Business-type Activities: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$9,404,424 | \$9,405,924 | \$12,190,666 | \$11,264,160 |
| Unrestricted | 16,854,748 | 17,309,137 | 16,110,442 | 17,996,725 |
| Total Business-type Activities Net Assets | <u>\$26,259,172</u> | <u>\$26,715,061</u> | <u>\$28,301,108</u> | <u>\$29,260,885</u> |
| Primary Government: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$30,721,751 | \$30,427,591 | \$34,896,428 | \$35,578,961 |
| Restricted | 5,495,123 | 5,375,253 | 7,056,410 | 6,878,481 |
| Unrestricted | 18,710,526 | 20,244,034 | 18,356,669 | 20,232,354 |
| Total Primary Government Net Assets | <u>\$54,927,400</u> | <u>\$56,046,878</u> | <u>\$60,309,507</u> | <u>\$62,689,796</u> |

Source: Finance Director's Office

City of Napoleon, Ohio

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$24,814,158 | \$28,323,805 | \$29,555,216 | \$29,541,627 | \$30,103,480 |
| 5,668,640 | 3,625,081 | 4,298,992 | 4,512,545 | 3,885,950 |
| <u>3,267,539</u> | <u>2,815,897</u> | <u>1,948,134</u> | <u>1,663,304</u> | <u>1,537,086</u> |
| <u>\$33,750,337</u> | <u>\$34,764,783</u> | <u>\$35,802,342</u> | <u>\$35,717,476</u> | <u>\$35,526,516</u> |
| | | | | |
| \$13,254,500 | \$15,258,691 | \$16,271,445 | \$19,332,790 | \$21,224,567 |
| 17,723,570 | 16,121,443 | 16,531,170 | 15,426,346 | 14,694,663 |
| <u>\$30,978,070</u> | <u>\$31,380,134</u> | <u>\$32,802,615</u> | <u>\$34,759,136</u> | <u>\$35,919,230</u> |
| | | | | |
| \$38,068,658 | \$43,582,496 | \$45,826,661 | \$48,874,417 | \$51,328,047 |
| 5,668,640 | 3,625,081 | 4,298,992 | 4,512,545 | 3,885,950 |
| <u>20,991,109</u> | <u>18,937,340</u> | <u>18,479,304</u> | <u>17,089,650</u> | <u>16,231,749</u> |
| <u>\$64,728,407</u> | <u>\$66,144,917</u> | <u>\$68,604,957</u> | <u>\$70,476,612</u> | <u>\$71,445,746</u> |

City of Napoleon, Ohio

Changes in Net Assets Last Nine Years (accrual basis of accounting)

| | 2003 | 2004 | 2005 | 2006 |
|---|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$2,680,032 | \$3,083,153 | \$3,509,589 | \$2,790,209 |
| Public Health and Welfare Services | 85,401 | 100,118 | 100,116 | 96,450 |
| Leisure Time Activities | 818,891 | 821,192 | 840,601 | 849,041 |
| Community Environment | 1,080,975 | 222,063 | 717,906 | 446,673 |
| Transportation | 1,459,500 | 1,813,717 | 1,292,990 | 1,031,319 |
| General Government | 903,636 | 885,066 | 779,647 | 1,021,880 |
| Interest and Fiscal Charges | 81,409 | 81,851 | 86,114 | 83,755 |
| <i>Total Governmental Activities Expenses</i> | <u>7,109,844</u> | <u>7,007,160</u> | <u>7,326,963</u> | <u>6,319,327</u> |
| Business-type Activities: | | | | |
| Electric | 11,387,550 | 13,137,325 | 14,680,376 | 13,153,590 |
| Water | 1,536,309 | 2,066,067 | 1,831,263 | 1,769,784 |
| Sewer | 1,843,617 | 2,177,445 | 1,883,991 | 1,808,683 |
| Sanitation | 519,287 | 577,992 | 641,812 | 620,867 |
| <i>Total Business-type Activities Expenses</i> | <u>15,286,763</u> | <u>17,958,829</u> | <u>19,037,442</u> | <u>17,352,924</u> |
| <i>Total Primary Government Expenses</i> | <u>\$22,396,607</u> | <u>\$24,965,989</u> | <u>\$26,364,405</u> | <u>\$23,672,251</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Security of Persons and Property | \$705,157 | \$636,713 | \$796,718 | \$970,374 |
| Public Health and Welfare Services | 21,905 | 22,613 | 19,733 | 13,385 |
| Leisure Time Activities | 222,335 | 240,534 | 258,863 | 246,881 |
| Community Environment | 5,435 | 4,083 | 2,808 | 5,100 |
| Transportation | 802 | 7,657 | 3,950 | 8,336 |
| General Government | 35,210 | 73,338 | 50,873 | 83,485 |
| Operating Grants and Contributions | 668,714 | 2,198,081 | 885,954 | 1,045,250 |
| Capital Grants and Contributions | 83,160 | 94,553 | 3,361,224 | 357,291 |
| <i>Total Governmental Activities Program Revenues</i> | <u>1,742,718</u> | <u>3,277,572</u> | <u>5,380,123</u> | <u>2,730,102</u> |

City of Napoleon, Ohio

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$3,424,326 | \$3,979,748 | \$3,099,089 | \$3,125,458 | \$3,318,795 |
| 137,358 | 106,214 | 103,153 | 112,440 | 123,641 |
| 885,586 | 933,722 | 899,442 | 904,829 | 868,775 |
| 725,183 | 486,196 | 757,040 | 517,452 | 1,263,518 |
| 1,364,559 | 872,400 | 1,702,924 | 1,299,067 | 760,223 |
| 1,067,981 | 678,405 | 991,969 | 1,122,335 | 1,086,864 |
| 100,392 | 121,860 | 77,480 | 85,901 | 96,494 |
| <u>7,705,385</u> | <u>7,178,545</u> | <u>7,631,097</u> | <u>7,167,482</u> | <u>7,518,310</u> |
| 12,864,738 | 12,489,602 | 13,852,433 | 14,396,085 | 14,714,910 |
| 2,043,701 | 2,175,036 | 2,543,426 | 2,474,059 | 3,229,358 |
| 2,247,335 | 2,648,013 | 3,235,829 | 2,782,393 | 2,921,313 |
| 661,575 | 677,146 | 626,167 | 768,173 | 733,632 |
| <u>17,817,349</u> | <u>17,989,797</u> | <u>20,257,855</u> | <u>20,420,710</u> | <u>21,599,213</u> |
| <u>\$25,522,734</u> | <u>\$25,168,342</u> | <u>\$27,888,952</u> | <u>\$27,588,192</u> | <u>\$29,117,523</u> |
| \$1,066,435 | \$1,027,828 | \$1,028,246 | \$1,082,152 | \$1,008,026 |
| 23,600 | 18,463 | 14,660 | 17,125 | 24,203 |
| 244,598 | 255,949 | 301,100 | 258,421 | 207,272 |
| 6,895 | 3,758 | 2,935 | 3,265 | 4,968 |
| 6,581 | 9,985 | 10,083 | 16,311 | 6,267 |
| 144,827 | 126,883 | 148,898 | 109,391 | 113,089 |
| 1,067,046 | 634,910 | 618,192 | 894,469 | 1,323,169 |
| 258,787 | 797 | 154,816 | 157,440 | 104,301 |
| <u>2,818,769</u> | <u>2,078,573</u> | <u>2,278,930</u> | <u>2,538,574</u> | <u>2,791,295</u> |

(continued)

City of Napoleon, Ohio

Changes in Net Assets Last Nine Years (accrual basis of accounting)

| | 2003 | 2004 | 2005 | 2006 |
|--|----------------------|----------------------|--------------------|----------------------|
| Business-type Activities: | | | | |
| Charges for Services | | | | |
| Electric | 11,318,729 | 13,307,816 | 14,548,024 | 13,199,524 |
| Water | 1,721,654 | 1,826,371 | 2,124,645 | 2,090,647 |
| Sewer | 1,883,250 | 1,959,987 | 2,346,604 | 2,298,509 |
| Sanitation | 523,869 | 549,848 | 616,127 | 630,019 |
| Capital Grants and Contributions | 75,000 | 0 | 672,235 | 0 |
| <i>Total Business-type Activities Program Revenues</i> | <u>15,522,502</u> | <u>17,644,022</u> | <u>20,307,635</u> | <u>18,218,699</u> |
| <i>Total Primary Government Program Revenues</i> | <u>17,265,220</u> | <u>20,921,594</u> | <u>25,687,758</u> | <u>20,948,801</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (5,367,126) | (3,729,588) | (1,946,840) | (3,589,225) |
| Business-type Activities | 235,739 | (314,807) | 1,270,193 | 865,775 |
| <i>Total Primary Government Net (Expense)/Revenue</i> | <u>(\$5,131,387)</u> | <u>(\$4,044,395)</u> | <u>(\$676,647)</u> | <u>(\$2,723,450)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities: | | | | |
| Property Taxes Levied for: | | | | |
| Property Taxes | \$389,763 | \$405,565 | \$403,855 | \$481,259 |
| Municipal Income Taxes | 2,134,591 | 2,308,225 | 2,520,569 | 2,455,843 |
| Other Local Taxes (kWh Tax) | 540,096 | 558,804 | 585,033 | 586,070 |
| Grants and Entitlements not Restricted to Specific Programs | 1,028,057 | 602,094 | 369,573 | 710,157 |
| Investment Earnings | 153,241 | 195,858 | 239,399 | 334,547 |
| Miscellaneous | 318,967 | 322,631 | 540,580 | 324,313 |
| Transfers | 0 | 0 | (31,000) | 231,000 |
| <i>Total Governmental Activities</i> | <u>4,564,715</u> | <u>4,393,177</u> | <u>4,628,009</u> | <u>5,123,189</u> |
| Business-type Activities: | | | | |
| Investment Earnings | 230,404 | 214,275 | 284,854 | 427,411 |
| Transfers | 0 | 0 | 31,000 | (231,000) |
| <i>Total Business-type Activities</i> | <u>230,404</u> | <u>214,275</u> | <u>315,854</u> | <u>196,411</u> |
| <i>Total Primary Government</i> | <u>\$4,795,119</u> | <u>\$4,607,452</u> | <u>\$4,943,863</u> | <u>\$5,319,600</u> |
| Change in Net Assets | | | | |
| Governmental Activities | (\$802,411) | \$663,589 | \$2,681,169 | \$1,533,964 |
| Business-type Activities | 466,143 | (100,532) | 1,586,047 | 1,062,186 |
| <i>Total Primary Government Change in Net Assets</i> | <u>(\$336,268)</u> | <u>\$563,057</u> | <u>\$4,267,216</u> | <u>\$2,596,150</u> |

Source: Finance Director's Office

City of Napoleon, Ohio

| 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 12,876,770 | 13,330,787 | 14,499,715 | 14,984,767 | 15,490,550 |
| 2,301,840 | 2,438,644 | 2,448,655 | 2,822,576 | 2,610,784 |
| 3,059,283 | 3,427,831 | 3,349,175 | 3,136,055 | 3,412,565 |
| 629,809 | 638,020 | 861,016 | 853,623 | 858,054 |
| 276,363 | 311,544 | 2,150,584 | 403,881 | 113,431 |
| <u>19,144,065</u> | <u>20,146,826</u> | <u>23,309,145</u> | <u>22,200,902</u> | <u>22,485,384</u> |
| <u>21,962,834</u> | <u>22,225,399</u> | <u>25,588,075</u> | <u>24,739,476</u> | <u>25,276,679</u> |
| (4,886,616) | (5,099,972) | (5,352,167) | (4,628,908) | (4,727,015) |
| 1,326,716 | 2,157,029 | 3,051,290 | 1,780,192 | 886,171 |
| <u>(\$3,559,900)</u> | <u>(\$2,942,943)</u> | <u>(\$2,300,877)</u> | <u>(\$2,848,716)</u> | <u>(\$3,840,844)</u> |
| \$662,906 | \$494,106 | \$146,252 | \$386,482 | \$382,639 |
| 2,503,814 | 2,255,314 | 2,361,108 | 2,796,692 | 2,826,623 |
| 555,353 | 536,676 | 493,053 | 515,545 | 522,615 |
| 208,113 | 5,953 | 788,511 | 629,483 | 691,333 |
| 598,440 | 403,619 | 202,278 | 92,083 | 91,360 |
| 459,416 | 202,010 | 485,517 | 123,757 | 139,873 |
| 220,000 | 2,260,946 | 1,913,007 | 0 | (118,388) |
| <u>5,208,042</u> | <u>6,158,624</u> | <u>6,389,726</u> | <u>4,544,042</u> | <u>4,536,055</u> |
| 610,469 | 461,775 | 284,198 | 176,329 | 155,535 |
| (220,000) | (2,260,946) | (1,913,007) | 0 | 118,388 |
| <u>390,469</u> | <u>(1,799,171)</u> | <u>(1,628,809)</u> | <u>176,329</u> | <u>273,923</u> |
| <u>\$5,598,511</u> | <u>\$4,359,453</u> | <u>\$4,760,917</u> | <u>\$4,720,371</u> | <u>\$4,809,978</u> |
| \$321,426 | \$1,058,652 | \$1,037,559 | (\$84,866) | (\$190,960) |
| 1,717,185 | 357,858 | 1,422,481 | 1,956,521 | 1,160,094 |
| <u>\$2,038,611</u> | <u>\$1,416,510</u> | <u>\$2,460,040</u> | <u>\$1,871,655</u> | <u>\$969,134</u> |

City of Napoleon, Ohio

Fund Balances, Governmental Funds Last Ten Years (modified accrual basis of accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund | | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 | \$0 |
| Committed | 0 | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 |
| Reserved | 15,083 | 59,976 | 160,550 | 74,393 | 54,611 |
| Unreserved | 2,573,339 | 2,166,503 | 1,889,815 | 2,317,704 | 2,059,287 |
| Total General Fund | 2,588,422 | 2,226,479 | 2,050,365 | 2,392,097 | 2,113,898 |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 | \$0 |
| Restricted | 0 | 0 | 0 | 0 | 0 |
| Committed | 0 | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 |
| Reserved | 1,707,883 | 900,349 | 857,300 | 759,549 | 724,245 |
| Unreserved, Undesignated, Reported in: | | | | | |
| Special Revenue Funds | 1,460,408 | 1,730,554 | 1,678,474 | 2,038,888 | 2,410,223 |
| Debt Service Funds | 0 | 423,721 | 441,272 | 448,463 | 470,238 |
| Capital Projects Funds | 289,238 | 307,041 | 773,460 | 312,492 | 390,741 |
| Total All Other Governmental Funds | 3,457,529 | 3,361,665 | 3,750,506 | 3,559,392 | 3,995,447 |
| Total Governmental Funds | \$6,045,951 | \$5,588,144 | \$5,800,871 | \$5,951,489 | \$6,109,345 |

Source: Finance Director's Office

City of Napoleon, Ohio

| 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$0 | \$0 | \$0 | \$5,889 | \$5,761 |
| 0 | 0 | 0 | 9,956 | 93,945 |
| 0 | 0 | 0 | 43,792 | 42,032 |
| 0 | 0 | 0 | 1,961,094 | 1,810,169 |
| 22,238 | 45,413 | 36,369 | 0 | 0 |
| <u>2,230,909</u> | <u>1,888,658</u> | <u>1,950,630</u> | <u>0</u> | <u>0</u> |
| <u>2,253,147</u> | <u>1,934,071</u> | <u>1,986,999</u> | <u>2,020,731</u> | <u>1,951,907</u> |
| \$0 | \$0 | \$0 | \$119,506 | \$120,535 |
| 0 | 0 | 0 | 2,530,239 | 2,105,312 |
| 0 | 0 | 0 | 898,911 | 1,010,839 |
| 0 | 0 | 0 | 9,520 | 9,528 |
| 0 | 0 | 0 | (82,196) | (81,974) |
| 818,971 | 287,883 | 251,799 | 0 | 0 |
| 1,689,219 | 1,021,024 | 981,549 | 0 | 0 |
| 516,266 | 502,806 | 884,855 | 0 | 0 |
| <u>106,351</u> | <u>545,746</u> | <u>764,329</u> | <u>0</u> | <u>0</u> |
| <u>3,130,807</u> | <u>2,357,459</u> | <u>2,882,532</u> | <u>3,475,980</u> | <u>3,164,240</u> |
| <u>\$5,383,954</u> | <u>\$4,291,530</u> | <u>\$4,869,531</u> | <u>\$5,496,711</u> | <u>\$5,116,147</u> |

City of Napoleon, Ohio

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2002 | 2003 | 2004 | 2005 |
|--|------------------|------------------|------------------|------------------|
| Revenues: | | | | |
| Taxes | \$3,337,819 | \$3,057,298 | \$3,253,269 | \$3,481,493 |
| Intergovernmental Revenues | 1,277,546 | 1,842,915 | 1,728,312 | 3,246,136 |
| Charges for Services | 686,624 | 597,894 | 627,492 | 659,064 |
| Licenses and Permits | 66,533 | 121,639 | 114,276 | 89,952 |
| Investment Earnings | 317,932 | 189,435 | 188,501 | 233,988 |
| Special Assessments | 205,720 | 279,314 | 246,059 | 224,108 |
| Fines and Forfeitures | 480,217 | 380,875 | 299,738 | 342,082 |
| All Other Revenue | 270,778 | 218,791 | 247,579 | 302,543 |
| Total Revenue | <u>6,643,169</u> | <u>6,688,161</u> | <u>6,705,226</u> | <u>8,579,366</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 2,334,971 | 2,475,239 | 2,821,246 | 3,269,915 |
| Public Health and Welfare Services | 80,577 | 87,882 | 89,627 | 88,465 |
| Leisure Time Activities | 770,783 | 756,745 | 755,563 | 764,355 |
| Community Environment | 599,187 | 1,071,531 | 229,297 | 716,342 |
| Transportation | 645,695 | 617,653 | 727,926 | 585,866 |
| General Government | 977,419 | 833,966 | 857,184 | 696,044 |
| Capital Outlay | 1,003,002 | 1,107,011 | 1,386,011 | 2,175,773 |
| Debt Service: | | | | |
| Principal Retirement | 159,156 | 169,156 | 180,357 | 890,357 |
| Interest and Fiscal Charges | 87,631 | 83,845 | 77,153 | 93,633 |
| Total Expenditures | <u>6,658,421</u> | <u>7,203,028</u> | <u>7,124,364</u> | <u>9,280,750</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (15,252) | (514,867) | (419,138) | (701,384) |

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$3,530,340 | \$3,518,822 | \$3,245,315 | \$3,220,684 | \$3,722,602 | \$3,749,404 |
| 2,156,790 | 2,187,335 | 1,891,032 | 1,605,562 | 1,380,019 | 2,220,622 |
| 768,875 | 660,349 | 732,494 | 803,479 | 807,930 | 800,287 |
| 70,448 | 64,289 | 64,957 | 63,825 | 63,599 | 68,203 |
| 270,293 | 646,848 | 421,070 | 185,858 | 114,664 | 95,435 |
| 223,796 | 113,080 | 105,288 | 106,700 | 101,853 | 92,238 |
| 382,767 | 363,862 | 381,139 | 407,561 | 371,916 | 363,988 |
| 312,405 | 440,028 | 388,066 | 797,505 | 456,874 | 400,885 |
| <u>7,715,714</u> | <u>7,994,613</u> | <u>7,229,361</u> | <u>7,191,174</u> | <u>7,019,457</u> | <u>7,791,062</u> |

| | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 2,616,306 | 3,163,034 | 3,946,531 | 2,900,346 | 2,949,630 | 3,278,087 |
| 90,918 | 102,920 | 98,955 | 92,695 | 101,383 | 110,917 |
| 783,864 | 845,965 | 875,791 | 783,006 | 821,199 | 799,615 |
| 797,857 | 796,478 | 483,116 | 538,556 | 515,451 | 1,260,984 |
| 526,918 | 673,933 | 604,199 | 539,327 | 582,589 | 596,226 |
| 887,028 | 1,023,651 | 1,114,009 | 847,258 | 1,027,824 | 962,827 |
| 1,826,376 | 2,075,703 | 901,518 | 688,609 | 873,383 | 650,487 |
| 215,357 | 111,357 | 111,550 | 112,550 | 112,557 | 142,751 |
| 86,526 | 101,500 | 122,968 | 76,940 | 85,058 | 96,938 |
| <u>7,831,150</u> | <u>8,894,541</u> | <u>8,258,637</u> | <u>6,579,287</u> | <u>7,069,074</u> | <u>7,898,832</u> |

(115,436) (899,928) (1,029,276) 611,887 (49,617) (107,770)

(Continued)

City of Napoleon, Ohio

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 80,038 | 0 | 28,500 | 288,567 |
| General Obligation Notes Issued | 0 | 0 | 690,000 | 0 |
| General Obligation Bonds Issued | 0 | 0 | 0 | 690,000 |
| Transfers In | 1,906,222 | 1,948,930 | 1,791,249 | 2,184,086 |
| Transfers Out | <u>(2,214,433)</u> | <u>(1,993,930)</u> | <u>(1,880,199)</u> | <u>(2,310,086)</u> |
| Total Other Financing Sources (Uses) | <u>(228,173)</u> | <u>(45,000)</u> | <u>629,550</u> | <u>852,567</u> |
| Net Change in Fund Balance | <u>(\$243,425)</u> | <u>(\$559,867)</u> | <u>\$210,412</u> | <u>\$151,183</u> |
| | | | | |
| Debt Service as a Percentage of Noncapital Expenditures | 3.90% | 4.14% | 4.29% | 15.37% |

Source: Finance Director's Office

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| 127,000 | 21,991 | 202 | 10,941 | 11,224 | 26 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 760,000 | 0 |
| 2,730,521 | 2,357,900 | 2,210,781 | 1,907,304 | 2,053,509 | 2,174,344 |
| <u>(2,587,521)</u> | <u>(2,245,900)</u> | <u>(2,258,101)</u> | <u>(1,946,385)</u> | <u>(2,134,769)</u> | <u>(2,447,105)</u> |
| 270,000 | 133,991 | (47,118) | (28,140) | 689,964 | (272,735) |
| <u>\$154,564</u> | <u>(\$765,937)</u> | <u>(\$1,076,394)</u> | <u>\$583,747</u> | <u>\$640,347</u> | <u>(\$380,505)</u> |
| 5.83% | 3.41% | 3.86% | 3.31% | 3.33% | 3.88% |

City of Napoleon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

| Tax year | 2002 | 2003 | 2004 | 2005 |
|---------------------------|---------------|---------------|---------------|---------------|
| Income Tax Rate | 1.20% | 1.20% | 1.20% | 1.20% |
| Estimated Personal Income | \$232,726,368 | \$247,150,632 | \$253,412,328 | \$262,320,336 |
| Total Tax Collected | \$2,677,590 | \$2,475,787 | \$2,675,075 | \$2,846,956 |
| Income Tax Receipts | | | | |
| Withholding | 1,933,705 | 1,930,447 | 1,982,186 | 2,119,461 |
| Percentage | 72.22% | 77.97% | 74.09% | 74.45% |
| Corporate | 365,599 | 185,927 | 320,101 | 322,555 |
| Percentage | 13.65% | 7.51% | 11.97% | 11.33% |
| Individuals | 378,286 | 359,413 | 372,788 | 404,940 |
| Percentage | 14.13% | 14.52% | 13.94% | 14.22% |

Source: City Income Tax Department

(1) During 2009, the residents of the City voted to increase the income tax rate from 1.2% to 1.5%, effective July 1, 2009.

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | (1) | | |
| 1.20% | 1.20% | 1.20% | 1.50% | 1.50% | 1.50% |
| \$285,652,608 | \$296,442,852 | \$300,589,362 | \$302,853,636 | \$284,359,998 | \$288,367,040 |
| \$2,977,788 | \$2,917,159 | \$2,808,030 | \$2,905,178 | \$3,378,498 | \$3,453,702 |
| 2,140,405 | 2,138,258 | 2,140,997 | 2,212,313 | 2,529,184 | 2,620,422 |
| 71.87% | 73.30% | 76.24% | 76.15% | 74.86% | 75.88% |
| 409,001 | 326,668 | 269,755 | 263,809 | 366,726 | 333,369 |
| 13.74% | 11.20% | 9.61% | 9.08% | 10.85% | 9.65% |
| 428,382 | 452,233 | 397,278 | 429,056 | 482,588 | 499,911 |
| 14.39% | 15.50% | 14.15% | 14.77% | 14.29% | 14.47% |



City of Napoleon, Ohio

Income Tax Collections Current Year and Nine Years Ago

| Calendar Year 2011 | | | | |
|--------------------|---------------------|---------------------|----------------------------|----------------------|
| Income Level | Number of Filers | Percent of Total | Local Taxable Income | Percent of Income |
| \$0 - \$19,999 | 2,730 | 54.28% | \$17,230,067 | 10.88% |
| 20,000 - 49,999 | 1,223 | 24.32% | 40,305,680 | 25.45% |
| 50,000 - 74,999 | 510 | 10.14% | 30,975,657 | 19.56% |
| 75,000 - 99,999 | 290 | 5.77% | 24,940,349 | 15.75% |
| Over 100,000 | 276 | 5.49% | 44,893,265 | 28.36% |
| Total | 5,029 | 100.00% | \$158,345,018 | 100.00% |

| Calendar Year 2002 | | | | |
|--------------------|---------------------|---------------------|----------------------------|----------------------|
| Income Level | Number of Filers | Percent of Total | Local Taxable Income | Percent of Income |
| \$0 - \$19,999 | 2,206 | 47.61% | \$16,117,293 | 11.31% |
| 20,000 - 49,999 | 1,489 | 32.14% | 49,477,907 | 34.71% |
| 50,000 - 74,999 | 559 | 12.07% | 34,212,328 | 24.00% |
| 75,000 - 99,999 | 221 | 4.77% | 18,908,248 | 13.26% |
| Over 100,000 | 158 | 3.41% | 23,840,794 | 16.72% |
| Total | 4,633 | 100.00% | \$142,556,570 | 100.00% |

Source: Finance Director's Office

City of Napoleon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

| | 2002 | 2003 | 2004 |
|--|---------------------|---------------------|---------------------|
| Governmental Activities ⁽¹⁾ | | | |
| General Obligation Bonds Payable | \$0 | \$0 | \$0 |
| Special Assessment Bonds Payable | 1,288,388 | 1,131,582 | 963,575 |
| Long-Term Notes Payable | 0 | 0 | 690,000 |
| Ohio Public Works Commission Loan Payable | 185,262 | 172,912 | 160,562 |
| Business-type Activities ⁽¹⁾ | | | |
| Ohio Water Development Authority Loans Payable | 2,974,633 | 2,776,311 | 2,562,451 |
| Ohio Public Works Commission Loans Payable | 62,634 | 58,950 | 55,266 |
| Ohio Water and Sewer Rotary Commission Loans Payable | 88,341 | 88,341 | 88,341 |
| Water Pollution Control Loan Fund Loans Payable | 0 | 0 | 0 |
| Long-Term Notes Payable | 0 | 0 | 0 |
| General Obligation Bonds Payable | 1,525,000 | 1,460,000 | 2,385,000 |
| Special Assessment Bond Payable | 108,612 | 105,418 | 101,425 |
| Mortgage Revenue Bonds Payable | 5,800,000 | 5,550,000 | 5,280,000 |
| Total Primary Government | <u>\$12,032,870</u> | <u>\$11,343,514</u> | <u>\$12,286,620</u> |
| Population ⁽²⁾ | | | |
| City of Napoleon | 9,318 | 9,318 | 9,318 |
| Outstanding Debt Per Capita | \$1,291 | \$1,217 | \$1,319 |
| Income ⁽³⁾ | | | |
| Personal (in thousands) | 232,726 | 247,151 | 253,412 |
| Percentage of Personal Income | 5.17% | 4.59% | 4.85% |

Sources:

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Napoleon, Ohio

| 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$680,000 | \$655,000 | \$630,000 | \$605,000 | \$580,000 | \$1,315,000 | \$1,250,000 |
| 785,568 | 607,561 | 533,553 | 459,353 | 384,153 | 308,953 | 243,553 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 148,212 | 135,862 | 123,512 | 111,162 | 98,812 | 86,455 | 74,104 |
| 4,019,916 | 3,715,575 | 3,389,225 | 3,039,222 | 2,663,802 | 2,261,064 | 1,828,963 |
| 51,582 | 47,898 | 44,214 | 540,530 | 511,846 | 483,159 | 454,475 |
| 666,070 | 666,070 | 666,070 | 666,070 | 666,070 | 659,186 | 310,945 |
| 0 | 0 | 0 | 587,200 | 5,204,566 | 7,653,135 | 7,251,586 |
| 0 | 0 | 0 | 0 | 4,000,000 | 0 | 1,200,000 |
| 2,350,000 | 2,240,000 | 2,115,000 | 1,995,000 | 1,870,000 | 1,740,000 | 1,610,000 |
| 97,432 | 93,439 | 89,446 | 84,646 | 79,846 | 75,046 | 69,446 |
| 5,000,000 | 4,710,000 | 4,410,000 | 7,600,000 | 7,150,000 | 10,290,000 | 9,885,000 |
| <u>\$13,798,780</u> | <u>\$12,871,405</u> | <u>\$12,001,020</u> | <u>\$15,688,183</u> | <u>\$23,209,095</u> | <u>\$24,871,998</u> | <u>\$24,178,072</u> |
| 9,318 | 9,318 | 9,318 | 9,318 | 9,318 | 8,749 | 8,749 |
| \$1,481 | \$1,381 | \$1,288 | \$1,684 | \$2,491 | \$2,843 | \$2,764 |
| 262,320 | 285,653 | 296,443 | 300,589 | 302,854 | 284,360 | 288,367 |
| 5.26% | 4.51% | 4.05% | 5.22% | 7.66% | 8.75% | 8.38% |

City of Napoleon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

| Year | 2002 | 2003 | 2004 | 2005 |
|--|---------------|---------------|---------------|---------------|
| Population ⁽¹⁾ | 9,318 | 9,318 | 9,318 | 9,318 |
| Assessed Value ⁽²⁾ | \$148,399,344 | \$150,797,521 | \$153,282,264 | \$162,145,824 |
| General Bonded Debt ⁽³⁾ | | | | |
| General Obligation Bonds | \$1,525,000 | \$1,460,000 | \$2,385,000 | \$3,030,000 |
| Resources Available to Pay Principal ⁽⁴⁾ | \$0 | \$0 | \$0 | \$19,791 |
| Net General Bonded Debt | \$1,525,000 | \$1,460,000 | \$2,385,000 | \$3,010,209 |
| Ratio of Net Bonded Debt to Assessed Value | 1.03% | 0.97% | 1.56% | 1.86% |
| Net Bonded Debt per Capita | \$163.66 | \$156.69 | \$255.96 | \$323.05 |

Source:

(1) U.S. Bureau of Census of Population

(2) Henry County Auditor

(3) Includes all general obligation bonded debt supported by property taxes.

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 9,318 | 9,318 | 9,318 | 9,318 | 8,749 | 8,749 |
| \$157,767,430 | \$150,513,440 | \$152,128,200 | \$150,647,060 | \$152,001,940 | \$143,316,660 |
| \$2,895,000 | \$2,745,000 | \$2,600,000 | \$2,450,000 | \$3,055,000 | \$2,860,000 |
| \$26,227 | \$43,211 | \$9,737 | \$37,048 | \$9,520 | \$9,528 |
| \$2,868,773 | \$2,701,789 | \$2,590,263 | \$2,412,952 | \$3,045,480 | \$2,850,472 |
| 1.82% | 1.80% | 1.70% | 1.60% | 2.00% | 1.99% |
| \$307.87 | \$289.95 | \$277.98 | \$258.96 | \$348.09 | \$325.81 |



City of Napoleon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

| <u>Jurisdiction</u> | <u>Gross Debt Outstanding</u> | <u>Percentage Applicable to the City of Napoleon</u> | <u>Amount Applicable to the City of Napoleon</u> |
|--------------------------------|-----------------------------------|--|--|
| Direct: | | | |
| City of Napoleon | \$1,250,000 | 100.00% | \$1,250,000 |
| Overlapping: | | | |
| Napoleon City School District | 2,255,000 | 49.45% | 1,115,098 |
| Liberty Center School District | 1,983,049 | 2.59% | 51,361 |
| Henry County | 1,142,000 | 23.77% | 271,453 |
| | | Subtotal | <u>1,437,912</u> |
| | | Total | <u><u>\$2,687,912</u></u> |

Source: Henry County

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Napoleon, Ohio

Debt Limitations Last Ten Years

| Collection Year | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Debt | | | | |
| Net Assessed Valuation | \$148,399,344 | \$150,797,521 | \$153,282,264 | \$162,145,824 |
| Legal Debt Limitation (%) (1) | 10.50% | 10.50% | 10.50% | 10.50% |
| Legal Debt Limitation (\$) (1) | 15,581,931 | 15,833,740 | 16,094,638 | 17,025,312 |
| City Debt Outstanding (2) | 0 | 0 | 0 | 680,000 |
| Less: Applicable Debt Service Fund Amounts | <u>0</u> | <u>0</u> | <u>0</u> | <u>(19,791)</u> |
| Net Indebtedness Subject to Limitation | <u>0</u> | <u>0</u> | <u>0</u> | <u>660,209</u> |
| Overall Legal Debt Margin | <u><u>\$15,581,931</u></u> | <u><u>\$15,833,740</u></u> | <u><u>\$16,094,638</u></u> | <u><u>\$16,365,103</u></u> |
| Unvoted Debt | | | | |
| Net Assessed Valuation | \$148,399,344 | \$150,797,521 | \$153,282,264 | \$162,145,824 |
| Legal Debt Limitation (%) (1) | 5.50% | 5.50% | 5.50% | 5.50% |
| Legal Debt Limitation (\$) (1) | 8,161,964 | 8,293,864 | 8,430,525 | 8,918,020 |
| City Debt Outstanding (2) | 0 | 0 | 0 | 680,000 |
| Less: Applicable Debt Service Fund Amounts | <u>0</u> | <u>0</u> | <u>0</u> | <u>(19,791)</u> |
| Net Indebtedness Subject to Limitation | <u>0</u> | <u>0</u> | <u>0</u> | <u>660,209</u> |
| Overall Legal Debt Margin | <u><u>\$8,161,964</u></u> | <u><u>\$8,293,864</u></u> | <u><u>\$8,430,525</u></u> | <u><u>\$8,257,811</u></u> |

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$157,767,430 | \$150,513,440 | \$152,128,200 | \$150,647,060 | \$152,001,940 | \$143,316,660 |
| 10.50% | 10.50% | 10.50% | 10.50% | 10.50% | 10.50% |
| 16,565,580 | 15,803,911 | 15,973,461 | 15,817,941 | 15,960,204 | 15,048,249 |
| 655,000 | 630,000 | 605,000 | 580,000 | 1,315,000 | 1,250,000 |
| (26,227) | (43,211) | (9,737) | (37,048) | (9,520) | (9,528) |
| 628,773 | 586,789 | 595,263 | 542,952 | 1,305,480 | 1,240,472 |
| <u>\$15,936,807</u> | <u>\$15,217,122</u> | <u>\$15,378,198</u> | <u>\$15,274,989</u> | <u>\$14,654,724</u> | <u>\$13,807,777</u> |
| | | | | | |
| \$157,767,430 | \$150,513,440 | \$152,128,200 | \$150,647,060 | \$152,001,940 | \$143,316,660 |
| 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| 8,677,209 | 8,278,239 | 8,367,051 | 8,285,588 | 8,360,107 | 7,882,416 |
| 655,000 | 630,000 | 605,000 | 580,000 | 1,315,000 | 1,250,000 |
| (26,227) | (43,211) | (9,737) | (37,048) | (9,520) | (9,528) |
| 628,773 | 586,789 | 595,263 | 542,952 | 1,305,480 | 1,240,472 |
| <u>\$8,048,436</u> | <u>\$7,691,450</u> | <u>\$7,771,788</u> | <u>\$7,742,636</u> | <u>\$7,054,627</u> | <u>\$6,641,944</u> |

City of Napoleon, Ohio

Pledged Revenue Coverage Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|--|--------------|--------------|--------------|--------------|
| Sewer System Bonds (1 a) | | | | |
| Gross Revenues (2) | \$1,905,831 | \$1,950,287 | \$2,026,358 | \$2,436,476 |
| Direct Operating Expenses (3) | 1,123,268 | 921,891 | 1,459,737 | 1,153,972 |
| Net Revenue Available for Debt Service | 782,563 | 1,028,396 | 566,621 | 1,282,504 |
| Annual Debt Service Requirement (4) | 272,667 | 272,437 | 276,913 | 275,892 |
| Coverage | 2.87 | 3.77 | 2.05 | 4.65 |
| Electric System Bonds (1 b) | | | | |
| Gross Revenues (2) | \$11,379,589 | \$11,271,553 | \$12,842,711 | \$14,878,004 |
| Direct Operating Expenses (3) | 11,350,288 | 10,865,183 | 12,524,754 | 14,055,686 |
| Net Revenue Available for Debt Service | 29,301 | 406,370 | 317,957 | 822,318 |
| Annual Debt Service Requirement (4) | 257,120 | 252,500 | 257,400 | 256,810 |
| Coverage | 0.11 | 1.61 | 1.24 | 3.20 |
| Electric System Amp-Ohio (1 b) | | | | |
| Gross Revenues (5) | \$11,244,419 | \$11,158,614 | \$12,739,632 | \$14,744,866 |
| Direct Operating Expenses (3) | 10,593,975 | 10,101,397 | 11,724,425 | 13,235,112 |
| Net Revenue Available for Debt Service | 650,444 | 1,057,217 | 1,015,207 | 1,509,754 |
| Annual Debt Service Requirement (4) | 756,313 | 763,786 | 800,329 | 820,574 |
| Coverage | 0.86 | 1.38 | 1.27 | 1.84 |
| Water System Bonds (1 c) | | | | |
| Gross Revenues (5) | N/A | N/A | N/A | N/A |
| Direct Operating Expenses (3) | N/A | N/A | N/A | N/A |
| Net Revenue Available for Debt Service | N/A | N/A | N/A | N/A |
| Annual Debt Service Requirement (4) | N/A | N/A | N/A | N/A |
| Coverage | N/A | N/A | N/A | N/A |

(1) The Mortgage Revenue Bonds were issued as follows:

(a) The Sewer Bonds were issued in 1998, in the amount of \$3,480,000 and in 2010 in the amounts of \$2,050,000, \$1,800,000 and \$2,535,000.

(b) The Electric Bonds were issued in 1998, in the amount of \$3,245,000.

(c) The Water Bonds were issued in 2008, in the amount of \$3,505,000 and in 2010 in the amounts of \$305,000 and \$540,000.

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

(4) Annual debt service requirements include principal and interest on revenue bonds only.

(5) Gross revenues do not include interest income. This is operating revenue only according to Amp-Ohio debt covenant.

Source: Finance Director's Office

City of Napoleon, Ohio

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$2,414,785 | \$3,250,149 | \$3,589,269 | \$3,463,044 | \$3,225,591 | \$3,484,605 |
| 1,109,623 | 1,545,755 | 1,929,369 | 2,440,970 | 2,286,816 | 1,862,369 |
| 1,305,162 | 1,704,394 | 1,659,900 | 1,022,074 | 938,775 | 1,622,236 |
| 273,244 | 272,985 | 276,088 | 273,663 | 245,684 | 543,135 |
| 4.78 | 6.24 | 6.01 | 3.73 | 3.82 | 2.99 |
| \$13,175,363 | \$13,138,486 | \$13,400,514 | \$14,398,829 | \$14,892,869 | \$15,414,354 |
| 12,544,217 | 12,220,066 | 11,858,934 | 13,225,462 | 13,496,084 | 14,214,131 |
| 631,146 | 918,420 | 1,541,580 | 1,173,367 | 1,396,785 | 1,200,223 |
| 254,512 | 254,777 | 253,325 | 256,575 | 0 | 0 |
| 2.48 | 3.60 | 6.09 | 4.57 | N/A | N/A |
| \$12,996,003 | \$12,872,163 | \$13,182,141 | \$14,283,334 | \$14,823,120 | \$15,353,250 |
| 11,768,899 | 11,444,835 | 11,082,996 | 12,434,280 | 13,496,084 | 14,214,131 |
| 1,227,104 | 1,427,328 | 2,099,145 | 1,849,054 | 1,327,036 | 1,139,119 |
| 775,318 | 775,231 | 775,938 | 791,182 | 0 | 0 |
| 1.58 | 1.84 | 2.71 | 2.34 | N/A | N/A |
| N/A | N/A | N/A | \$2,489,814 | \$2,843,139 | \$2,643,832 |
| N/A | N/A | N/A | 1,999,194 | 1,913,351 | 2,697,472 |
| N/A | N/A | N/A | 490,620 | 929,788 | (53,640) |
| N/A | N/A | N/A | 263,819 | 264,619 | 321,889 |
| N/A | N/A | N/A | 1.86 | 3.51 | (0.17) |

City of Napoleon, Ohio

Demographic and Economic Statistics Last Ten Years

| Calendar Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-----------|-----------|-----------|-----------|-----------|
| Population ⁽¹⁾ | | | | | |
| City of Napoleon | 9,318 | 9,318 | 9,318 | 9,318 | 9,318 |
| Henry County | 29,310 | 29,310 | 29,310 | 29,310 | 29,310 |
| Income ^{(2) (a)} | | | | | |
| Total Personal (in thousands) | 232,726 | 247,151 | 253,412 | 262,320 | 285,653 |
| Per Capita | 24,976 | 26,524 | 27,196 | 28,152 | 30,656 |
| Unemployment Rate ⁽³⁾ | | | | | |
| Federal | 4.8% | 5.8% | 6.0% | 5.5% | 5.0% |
| State | 4.3% | 5.7% | 6.1% | 6.0% | 5.9% |
| Henry County | 5.3% | 5.8% | 6.4% | 6.2% | 5.9% |
| Civilian Work Force Estimates ⁽³⁾ | | | | | |
| State | 5,828,000 | 5,915,000 | 5,875,300 | 5,900,400 | 5,971,500 |
| Henry County | 15,400 | 15,900 | 16,100 | 16,100 | 16,100 |

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Napoleon, Ohio

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|
| 9,318 | 9,318 | 9,318 | 8,749 | 8,749 |
| 29,310 | 29,310 | 29,310 | 28,215 | 28,215 |
| 296,443 | 300,589 | 302,854 | 284,360 | 288,367 |
| 31,814 | 32,259 | 32,502 | 32,502 | 32,960 |
| 4.6% | 5.8% | 9.3% | 9.4% | 8.9% |
| 5.6% | 6.6% | 10.2% | 9.5% | 8.6% |
| 6.3% | 8.0% | 13.3% | 11.0% | 9.7% |
| 5,976,500 | 5,986,400 | 5,970,000 | 5,894,000 | 5,806,000 |
| 15,900 | 15,900 | 15,900 | 15,600 | 15,300 |



City of Napoleon, Ohio

Principal Employers Current Year and Nine Years Ago

| Employer | Nature of Business | 2011 | | |
|--------------------------------------|-------------------------------|----------------------|------|--------------------------------|
| | | Number of Employees | Rank | Percentage of Total Employment |
| Napoleon City School District | Education | 486 | 1 | 4.66% |
| Henry County Auditors | County Government | 398 | 2 | 3.81% |
| Wal-Mart Stores | Retail | 364 | 3 | 3.49% |
| Campbel Soup Supply Co LLC | Soup Manufacturer | 362 | 4 | 3.47% |
| Henry County Hospital Inc | Health Care | 294 | 5 | 2.82% |
| Tenneco Automotive (Pullman Company) | Automobile Parts Manufacturer | 241 | 6 | 2.31% |
| City of Napoleon | Local Government | 230 | 7 | 2.20% |
| The Lutheran Home | Long-term Health Care | 228 | 8 | 2.18% |
| Cloverleaf Cold Storage | Food Storage | 167 | 9 | 1.60% |
| Koester Corporation | Manufacturing | 70 | 10 | 0.67% |
| Total | | <u>2,840</u> | | |
| Total Employment within the City | | <u><u>10,438</u></u> | | |

| Employer | Nature of Business | 2002 | | |
|--------------------------------------|--------------------------------|----------------------|------|--------------------------------|
| | | Number of Employees | Rank | Percentage of Total Employment |
| Tenneco Automotive (Pullman Company) | Automobile Parts Manufacturer | 375 | 1 | 3.20% |
| Henry County | County Government | 365 | 2 | 3.12% |
| Wal-Mart Stores | Retail | 345 | 3 | 2.95% |
| Napoleon City School District | Education | 323 | 4 | 2.76% |
| City of Napoleon | Local Government | 226 | 5 | 1.93% |
| The Lutheran Home | Long-term Health Care | 173 | 6 | 1.48% |
| Plastech Engineered Products(LDM) | Manufacturing | 171 | 7 | 1.46% |
| Carson Industries | Manufacturing | 124 | 8 | 1.06% |
| Automatic Feed Company | Steel Handling Equipment | 110 | 9 | 0.94% |
| Golden Living Center - Northcrest | Health Care and Rehabilitation | 94 | 10 | 0.80% |
| Total | | <u>2,306</u> | | |
| Total Employment within the City | | <u><u>11,704</u></u> | | |

Sources: City of Napoleon Income Tax Department
(Total Employment # based on W2's received from employers)

City of Napoleon

Full Time Equivalent Employees by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | |
| General Government | | | | | |
| Finance | 10.00 | 10.00 | 10.00 | 12.00 | 10.00 |
| Legal/Court | 8.00 | 10.00 | 9.00 | 9.00 | 9.00 |
| Administration | 8.00 | 8.00 | 9.00 | 8.00 | 8.00 |
| Maintenance | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Security of Persons and Property | | | | | |
| Police | 21.00 | 21.00 | 25.00 | 24.00 | 22.00 |
| Fire | 8.00 | 8.00 | 15.00 | 14.00 | 8.00 |
| Transportation | | | | | |
| Street | 8.00 | 7.00 | 7.00 | 6.00 | 6.00 |
| Leisure Time Activities | | | | | |
| Recreation/Seniors | 6.00 | 6.00 | 6.00 | 5.00 | 5.00 |
| Community Environment | | | | | |
| Service - Cemetery | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Business-Type Activities | | | | | |
| Utilities - Electric | 15.00 | 17.00 | 16.00 | 15.00 | 14.00 |
| Water | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Sewer | 5.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Solid Waste | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| <i>Total Employees</i> | <u>107.00</u> | <u>111.00</u> | <u>121.00</u> | <u>117.00</u> | <u>106.00</u> |

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Napoleon

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---------------|---------------|---------------|---------------|---------------|
| 10.00 | 9.00 | 11.00 | 10.00 | 10.00 |
| 9.00 | 9.00 | 9.00 | 8.00 | 9.00 |
| 10.00 | 10.00 | 11.00 | 9.00 | 10.00 |
| 4.00 | 4.00 | 3.00 | 4.00 | 4.00 |
| 21.00 | 22.00 | 22.00 | 22.00 | 22.00 |
| 8.00 | 8.00 | 8.00 | 8.00 | 10.00 |
| 7.00 | 7.00 | 6.00 | 7.00 | 6.00 |
| 5.00 | 5.00 | 4.00 | 5.00 | 4.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 15.00 | 15.00 | 14.00 | 14.00 | 13.00 |
| 10.00 | 10.00 | 9.00 | 10.00 | 9.00 |
| 6.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| <u>109.00</u> | <u>109.00</u> | <u>108.00</u> | <u>108.00</u> | <u>108.00</u> |

City of Napoleon

Operating Indicators by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|---|-------|-------|-------|-------|
| Governmental Activities | | | | |
| General Government | | | | |
| Licenses and Permits | | | | |
| Number of Building Permits | 509 | 626 | 517 | 540 |
| Number of Commercial Permits | 134 | 81 | 116 | 93 |
| Security of Persons and Property | | | | |
| Police | | | | |
| Number of Traffic Citations Issued | 863 | 800 | 867 | 1,200 |
| Number of Parking Tickets | 186 | 104 | 226 | 134 |
| Number of Law Violations: | | | | |
| Criminal/Juvenile Citations | 2,431 | 2,359 | 1,631 | 1,193 |
| Fire | | | | |
| Number of Fire Calls Answered | 163 | 125 | 232 | 190 |
| Number of EMS Runs | 860 | 769 | 870 | 950 |
| Number of Inspections | 10 | 10 | 43 | 43 |
| Transportation | | | | |
| Street | | | | |
| Facilities and Services: Miles of Streets | 72 | 72 | 72 | 72 |
| Business-Type Activities | | | | |
| Water | | | | |
| Number of Service Connections | 3,500 | 3,500 | 3,500 | 3,634 |
| Daily Average Consumption (gallons) | 1.3M | 1.3M | 1.3M | 1.3M |
| Maximum Daily Capacity of Treatment (gallons) | 4.5M | 4.5M | 4.5M | 4.5M |
| Sewer | | | | |
| Number of Service Connections | 3,500 | 3,500 | 3,500 | 3,493 |
| Daily Average Sewage Treatment (gallons) | 1.8M | 1.8M | 1.8M | 1.8M |
| Maximum Daily Capacity of Treatment (gallons) | 2.5M | 2.5M | 2.5M | 2.5M |

Source: Finance Director's Office

City of Napoleon

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------|-------|-------|-------|-------|-------|
| 379 | 382 | 387 | 302 | 222 | 222 |
| 85 | 67 | 28 | 21 | 15 | 18 |
| 1,122 | 990 | 927 | 878 | 834 | 816 |
| 108 | 97 | 184 | 191 | 125 | 142 |
| 1,225 | 1,129 | 1,022 | 1,644 | 1,508 | 611 |
| 131 | 233 | 173 | 144 | 178 | 133 |
| 898 | 903 | 866 | 919 | 1,003 | 1,041 |
| 28 | 12 | 66 | 30 | 45 | 67 |
| 72 | 72 | 72 | 72 | 72 | 72 |
| 3,634 | 3,679 | 3,679 | 4,114 | 4,114 | 4,114 |
| 1.3M | 1.3M | 1.3M | 1.3M | 1.3M | 1.3M |
| 4.5M | 4.5M | 4.5M | 4.5M | 4.5M | 4.5M |
| 3,493 | 3,679 | 3,679 | 3,593 | 3,593 | 3,593 |
| 1.8M | 1.8M | 1.8M | 1.8M | 1.8M | 1.8M |
| 2.5M | 2.5M | 2.5M | 4.5M | 4.5M | 4.5M |

City of Napoleon

Capital Asset Statistics by Function Last Ten Years

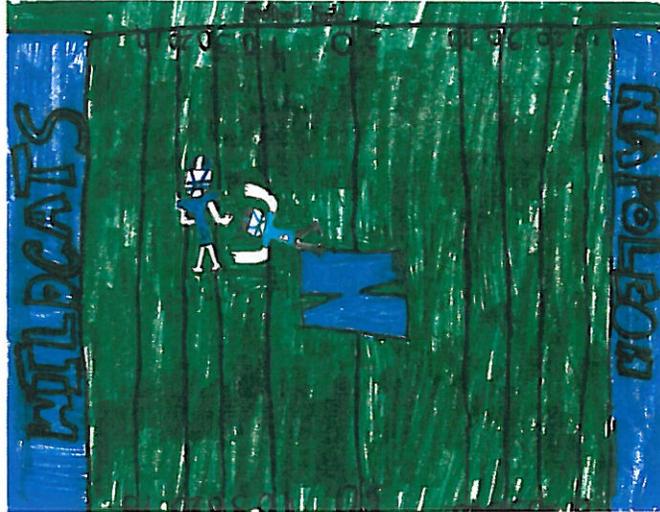
| | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------|------|------|------|------|------|
| Governmental Activities | | | | | |
| General Government | | | | | |
| Area (square miles) | 7 | 7 | 7 | 7 | 7 |
| Security of Persons and Property | | | | | |
| Police | | | | | |
| Stations | 1 | 1 | 2 | 2 | 1 |
| Vehicles | 7 | 7 | 8 | 8 | 9 |
| Fire | | | | | |
| Stations | 1 | 1 | 2 | 2 | 1 |
| Vehicles | 8 | 8 | 9 | 10 | 10 |
| Transportation | | | | | |
| Street | | | | | |
| Vehicles | 8 | 8 | 9 | 9 | 9 |
| Leisure Time Activities | | | | | |
| Recreation/Seniors | | | | | |
| Land (acres) | 225 | 225 | 225 | 225 | 225 |
| Parks | 9 | 9 | 9 | 9 | 9 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 2 | 2 | 2 | 2 | 2 |
| Baseball/Softball Diamonds | 5 | 5 | 7 | 7 | 7 |
| Golf Courses | 1 | 1 | 1 | 1 | 1 |
| Business-Type Activities | | | | | |
| Utilities | | | | | |
| Water | | | | | |
| Waterlines (Miles) | 58 | 58 | 58 | 58 | 58 |
| Number of Purification Plants | 1 | 1 | 1 | 1 | 1 |
| Number of Hydrants | 327 | 327 | 599 | 599 | 599 |
| Number of Water Towers | 1 | 1 | 1 | 1 | 2 |
| Sewer | | | | | |
| Sewerlines (Miles) | 45 | 45 | 45 | 45 | 45 |
| Number of Treatment Plants | 1 | 1 | 1 | 1 | 1 |
| Storm Water Drainage | | | | | |
| Miles of Storm Sewers | 30 | 30 | 30 | 30 | 30 |

Source: Finance Director's Office

City of Napoleon

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|
| 7 | 7 | 7 | 7 | 7 |
| 1 | 1 | 1 | 1 | 1 |
| 9 | 9 | 8 | 8 | 7 |
| 1 | 1 | 1 | 1 | 1 |
| 10 | 10 | 11 | 11 | 11 |
| 9 | 9 | 9 | 9 | 10 |
| 225 | 225 | 225 | 225 | 225 |
| 9 | 9 | 9 | 9 | 9 |
| 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 1 |
| 7 | 7 | 7 | 7 | 7 |
| 1 | 1 | 1 | 1 | 1 |
| 58 | 58 | 58 | 58 | 58 |
| 1 | 1 | 2 | 2 | 2 |
| 599 | 599 | 599 | 599 | 599 |
| 2 | 2 | 2 | 2 | 2 |
| 45 | 45 | 47 | 47 | 47 |
| 1 | 1 | 1 | 1 | 1 |
| 30 | 30 | 37 | 37 | 37 |





Devonte Blair 4th grade Central Elementary – Napoleon Wildcat Football Field



Makenna Boehm 4th grade Central Elementary – Maumee River and Henry County Veterans Bridge